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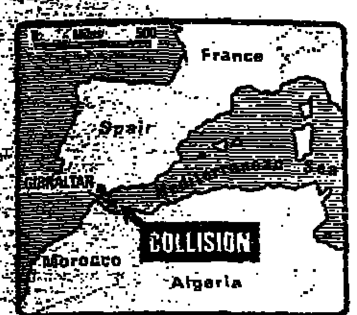
NEWS SUMMARY

GENERAL

Five die as ships collide off Gib.



Five people died and three more are missing following a collision between an American bulk carrier and an Algerian cargo vessel in thick fog near Gibraltar.

Royal Navy ships mounted a major rescue operation. First on the scene was the submarine Finwhale, followed by the missile cruiser Norfolk, the frigate Aurora, the RFA vessel Olna and two tugs.

Wessex helicopters were also despatched and a boarding party was put aboard the American ship, Yellowstone (11,000 tons). All the dead and missing so far reported are from the Yellowstone.

The collision happened 14 miles south-east of Gibraltar and the Navy reported the ships "locked together."

'Quake kills 21 in Japan

Japan's worst earthquake for 15 years killed 21 people and injured at least 350. The quake rocked the densely-populated main island, Honshu, caused skyscrapers to sway in Tokyo and led to a tidal wave alert along Honshu's Pacific coastline.

Gaming writ

Ladup, the casino division of Ladbrokes, has issued a £484,375 High Court writ for the settlement of a gaming debt against Prince Talal Bin Abdulaziz al Saud of Saudi Arabia.

IRA man jailed

Seamus Twomey, reputed former head of the Provisional IRA, was jailed for five years in Dublin for escaping from the city's Mountjoy Prison by helicopter in 1973. Not guilty please were entered on Twomey's behalf after he refused to recognise the court.

Soccer ban

Willie Johnston, Scottish World Cup player who took a barred drug, has been banned from internationals for one year by FIFA, the world ruling body. The Scottish FA has already banned Johnston from internationals for life for the same offence.

Amoco protest

Counsel for the Spanish owners of the Amoco Cadiz tanker, wrecked off Brittany, claimed the Liberian board of inquiry in London was "unfair," because the onwers had not been invited, not told the inquiry was likely to be critical and had only just received transcripts of the early part of the hearing. Page 8

Briefly . . .

The Government suffered another defeat on Scottish devolution in the Lords when by a majority of 28 (74-46), peers approved a Conservative amendment stopping the proposed Scottish Assembly making grants to buy works for art galleries.

An attendant who was mauled by a tiger at Longleat safari park was said to be "comfortable" in hospital.

Baby boy, only a few hours old, was in hospital after being found in a field near Chesterfield, Derbyshire.

Man who raped a 10-year-old girl only hours after being released from prison was jailed for eight years by Exeter Crown Court.

Dockland blaze in Liverpool took two hours to control and badly damaged a number of warehouses.

BUSINESS

Sterling jumps; Gilts active

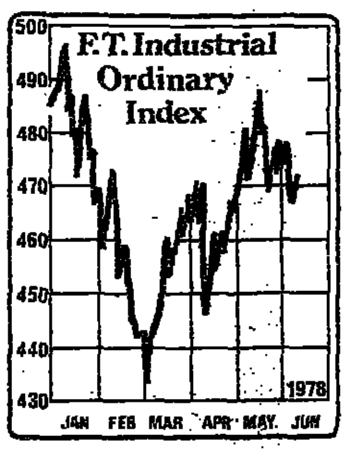
- ● STERLING improved strongly, closing 112 points up at $1.8380. The pound's trade-weighted index rose to 61.5 (61.3) and the dollar's depreciation widened to 5.8 (5.5) per cent.

- ● GOLD closed $¼ down at $181¾.

- ● WALL STREET was up 0.78 at 860.01 near the close.

- ● GILTS dominated markets, investors encouraged by the Government's tightening of credit controls. The Government Securities Index closed 0.53 up at 70.79.

- ● EQUITIES improved as the new Account got under way. The FT Industrial Ordinary Index closed 5.3 up at 472.2.



- ● LEYLAND toolmakers called out more than 2,000 workers for an unofficial one-day stoppage and urged colleagues to withhold union subscriptions, in a move intended to embarrass the AUEW over negotiating rights. Page 14

- ● OFFER of £8m in government grants has persuaded Lucas Aerospace to stay on Merseyside and move into a new Huyton, Liverpool plant. This will save 500 jobs. Back Page

General Motors to expand

- ● GENERAL MOTORS, the biggest automotive manufacturer in North America, plans a new £15m seat belt unit at Dundonald, near Belfast, and an £11-£17m plant for automatic gearbox retarders—possibly in the U.K. Back Page

- ● LITTLEWOODS, Britain's largest privately-owned retailer, announced a £20m expansion programme for next year, which will result in 1,600 new jobs. Page 10

- ● NALGO president has accused the Government of "gross interference" in current wage talks for local government officers on the eve of its annual Brighton conference. Page 14

- ● PLAN to revitalise London docklands with the creation of a 300-acre free trade zone for manufacturing exports will be studied by the GLC on Wednesday. Page 6

- ● LICENSING of professional engineers should become statutory but remain the responsibility of the Council of Engineering Institutions, the CEI has urged. Page 10

COMPANIES

- ● HILL SAMUEL GROUP net profit for the year ended March 31 was £8.81m, compared with £7.53m the previous year. Page 33

- ● ASSOCIATED British Foods pre-tax profit dropped 3.4 per cent to £77.63m in the year to April 1. Page 37

- ● VALOR COMPANY, heating and cooking appliance maker, with turnover up from £30.63m to £37.58m, saw taxable profit rise from £1.07m to £1.65m in the year to March 31.

- ● CREUSOT-LOIRE, the heavy engineering arm of Empain Schneider, has announced a net consolidated group loss of FFr 222m (£26.5m) last year, a tenfold increase on the previous year's shortfall. Page 37

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 13pc. '97	£109½	+ ½
Albright & Wilson	157½	+ 7
Allied Retailers	265	+ 4
Beecham	643xd	+ 10
Berkeley Hambro	169xd	+ 8
Combined Eng. Stores	97	+ 4
Cornercroft	68	+ 3
Eurotherm	160	+ 6
Forward Technology	133	+ 7
Foster Bros.	117	+ 5
GEC	266	+ 6
Guinness Peat	253	+ 9
Hawker Siddeley	226	+ 4
Heron Motor	148	+ 12
Lloyds Bank	277	+ 7
Lyons (J.)	108	+ 4
Midland Bank	360	+ 10
Mothercare	160	+ 4
NewEquipment	20½	+ 5½
Reed Intnl.	132xd	+ 6
Rockware	145	+ 7
Royal Insurance	363	+ 10
Sears Hldgs.	71½	+ 5
Simon Eng.	230	+ 5
Tate and Lyle	174	+ 6
Trust Houses Forte	219	+ 11
Turner and Newall	178	+ 5
Ulster TV A	69	+ 9
Union Discount	325	+ 15
Anglo Utd. Devs.	186	+ 22
Charter Cons.	145xd	+ 4
Conzinc Riotinto	236	+ 8
Marievale	110	+ 8
MIM Hldgs.	216	+ 6
North Broken Hill	141	+ 11
Pancontinental	£14½	+ ½
Sabina	54	+ 5
Venterspost	233	+ 8
Western Mining	158	+ 10
FALLS		
Ocean Wilsons	88	− 7

+ Price at suspension

Raw material costs rise by 5½% as sterling declines

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Industry's raw material costs have jumped by nearly 5½ per cent in the last three months, mainly as a result of the recent decline in sterling. But this increase is likely to take several months to work through fully to prices in the shops.

Output prices charged by industry at the factory gate are still going up at a moderate rate, rising by less than 2 per cent in the last three months, and by 4½ per cent in the last six months.

The Department of Industry wholesale price indices, published yesterday, support hopes that the 12-month rate of retail price inflation—7.9 per cent in the year to mid-April—should remain in single figures until at least late autumn. The May index will be published on Friday.

But, there is not yet sufficient evidence either to confirm or to refute the claim by Mr. Roy Hattersley, Prices Secretary, that the 12-month rate will remain at or about the present rate for the rest of this year.

In a speech on Sunday he said this was a fact not a prediction and he stuck to this view yesterday during lively exchanges at question time in the Commons.

Some economists outside Whitehall questioned the degree of assurance claimed by Mr. Hattersley in view of the usual uncertainty about what will happen to seasonal food prices during the summer.

The view of the National Institute and London Business School is that the 12-month rate of retail price inflation is likely to level out at slightly below the current figure in the next month or two and then rise to about 10 per cent by the end of 1978. This reflects the recent fall in the exchange rate and acceleration in labour costs in the last 12 months.

The official view is that a single-figure, 12-month rate will continue until early next year at least and what happens then will depend on wage increases after the end of phase three next month.

While political discussion concentrates on the 12-month rate, the better underlying guide is provided by the six-month rate. the latest wholesale price figures suggest that this trend may start climbing within a few months as the favourable effects of last

Parliament Page 13
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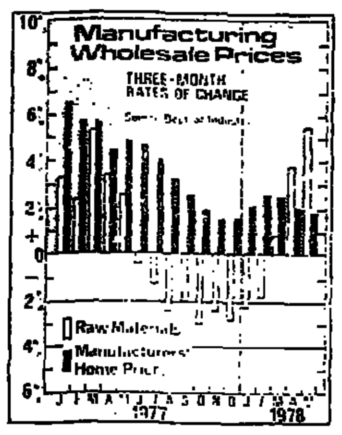

WHOLESALE PRICES

(1970 = 100)

		Output (home sales)	Raw Materials
1977	1st	248.0	341.5
	2nd	259.2	347.7
	3rd	257.7	340.5
	4th	272.1	330.6
1978	1st	279.0	326.7
	Jan.	277.1	324.9
	Feb.	279.2	324.2
	March	280.6	331.0
	April	282.8*	337.5*
	May	284.4*	341.8*

* provisional

Source: Department of Industry

Retail spending up—and credit sales increase

BY DAVID FREUD

SPENDING IN the shops accelerated last month, confirming that the long-awaited consumer spending boom was at last under way.

The index of the volume of sales for May rose to 109 from 106.7 in April (1970 = 100, seasonally adjusted), according to provisional estimates by the Department of Trade.

The 2 per cent jump in spending underlines the official concern over the increase in bank lending to consumers demonstrated by bank statistics.

These showed that lending to the personal sector increased by £215m—well ahead of the normal rate.

This suggests that consumers are not only spending the extra disposable income they have received since the beginning of the year but are also increasing their hire-purchase and credit transactions.

Such an interpretation is supported by the trends already in evidence in April, which showed strong rises in sales of durable goods—usually a reliable indicator of consumer confidence—and sales on credit.

The strength of consumer spending is one of the factors that underlies last week's credit control package.

Mr. Healey said on Thursday: "There's some evidence that the banks have been lending too much, not to manufacturers but to service industries and individuals, and I think that could have been damaging to the money supply."

The clearing banks have all said that the effect of the newly-imposed "corset" controls would be likely to be felt in the personal sector—as well as in services and property.

The new controls could have the effect of dampening the boom prematurely, and retailers are now more cautious over forecasts that the volume of sales in 1978 will be 5 per cent higher than in 1977.

They are concerned that last week's package could have undermined confidence, as well as adding to the number of unemployed and increasing the resources devoted to mortgage repayments at the expense of retail spending.

However, the Treasury said that the Opposition Finance Bill amendments were likely to put large amounts of extra cash into autumn pay packets and this factor could sustain consumer spending.

RETAIL SALES

		Volume 1971 = 100 (seasonally adjusted)	Value percentage change compared with a year earlier (not seasonally adjusted)
1977	1st	103.3	+14
	2nd	102.5	+13
	3rd	104.3	+15
	4th	104.4	+13
1978	1st	106.3	+13
1978	Feb.	106.8	+13
	Mar.	107.0	+15
	April	106.7	+15
	May	109.0*	+15*

* provisional estimate

Source: Department of Trade

Post Office given back £9m

BY JOHN LLOYD

FOUR MAJOR British companies are to repay £9m to the Post Office to compensate for prices charged between 1963 and 1974, when they were operating unregistered and secret agreements to set minimum levels for tenders.

The rebate, described by the Office of Fair Trading last night as a "salutary warning" to others, was agreed following an investigation of the companies' financial records by the Post Office, with the assistance of Coopers and Lybrand, the accountants.

Final negotiations were conducted between Sir William Barlow, chairman of the Post Office, and the chairmen and chief executives of the four companies—BICC, Pirelli General, Standard Telephones and Cables and Telephone Cables. All four companies are suppliers of telephone cables to the corporation.

During the 11 years between 1963 and 1974, the Post Office spent around £450m with the four companies.

No details of the amount to be paid by each company were given yesterday, but it is understood that BICC accounts for £3.5m and Telephone Cables around £3m. The remaining £2.5m is divided between Pirelli General and Standard Telephones.

Standard Telephones is a subsidiary of ITT, the U.S. company, and Telephone Cables' majority shareholder is GEC. Pirelli General is jointly owned by Dunlop and Pirelli.

The companies refused to comment in detail on the affair.

BICC said: "Full provision for the settlement will be made in BICC 1978 group accounts and it is considered that it will not have material effect on the total operating profit for the year."

The pricing cartel between the cable companies came to light in December, 1974, during an investigation by the Monopolies Commission into the supply of cables to the Post Office.

The investigation showed that three separate agreements existed between a number of companies, and that none of them were registered, as they were required to be, under the 1956 Restrictive Trade Practices Act.

The Post Office was unaware of the cartel because of the steep rises in the price of copper —which forms around 70 per cent of cables' value—throughout the 1960s.

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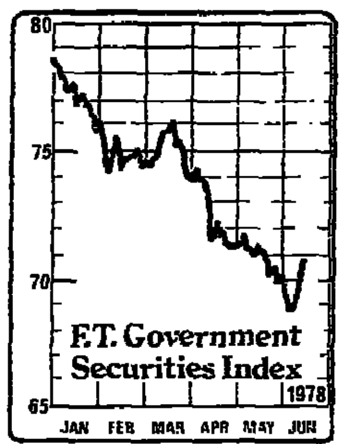
For latest Share Index 'phone 01 246 8026



Further £900m tap stock

BY MICHAEL BLANDEN

THE BANK of England took advantage of strong demand for gilt-edged stock yesterday to announce another issue of £900m of stock to fund the Government's borrowing requirements.

This move means that a total of £1.8bn of new Government stock will be made available for public investment in two issues this week.

The issues are intended to capitalise on the sharp improvement in the mood of the gilt-edged market which has followed last week's credit control and budgetary measures. With payments spread over the next three banking months, the new stocks should make an important contribution to keeping money supply under control.

Strong buying of gilt-edged securities exhausted supplies of the previous short-dated tap stock, of which £800m was issued in mid-May, early yesterday morning. The new stock, which is technically at the short end of the medium-term range, is designed as a replacement for that.

The market remained buoyant yesterday. While news of the issue brought a setback in late dealings, prices still ended with gains of up to a full point. The Financial Times Government securities index rose 0.53 to 70.79.

The new stock is £900m of ten per cent Exchequer 1983, of which £800m is available to the public with the rest earmarked for public sector investment.

It is being sold at a price of £95 per cent, with £15 payable on application, £30 on July 7 and the rest on July 28. At the issue price it gives a flat yield of 10.53 per cent and a return of 11.26 per cent to redemption.

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$ in New York

—	June 9	Previous
Spot	$1.8280-8290	$1.8240-8250
1 month	0.75-0.68 dis	0.70-0.60 dis
3 months	1.86-1.80 dis	1.85-1.85 dis
12 months	6.20-6.10 dis	6.60-6.50 dis

Hope of early currencies pact fades

BY DAVID WHITE BASLE, June 12.

THE PROSPECT of reaching early agreement on plans for stabilisation of European currencies looks remote following talks between Central Bank governors attending the annual meeting in Basle of the Bank for International Settlements.

They appeared pessimistic about the chances of agreeing on a concerted EEC stance in the series of international meetings due in the month before the seven-nation world economic summit is held in Bonn, in mid July.

Both the report of the BIS, published today, and the annual meeting reflect differing attitudes about how to deal with international payments problems, currency uncertainties and difficulties in reviving world economic activity.

Dr. Jelle Zijlstra, president of the BIS and Governor of the Dutch Central Bank, concentrated in his speech on the risk of emergence of increasing protectionism because of slow economic growth.

He warned that underlying imbalances persisted in spite of the recovery in the dollar in foreign exchange markets since March.

Mr. William Miller, chairman of the U.S. Federal Reserve Board, managed to reassure his fellow-bankers to some degree about U.S. concern to defend the dollar and fight inflation.

But there was no sign that the U.S. would respond to Dr. Zijlstra's call for it to borrow money to be able to intervene more forcefully in support of its currency.

West Germany and Japan, the two main surplus countries, continued to come under pressure to reactivate domestic demand. But the BIS report warns that "neither of these two countries is likely to be very successful in strengthening world demand unless a number of other countries take action as well."

Among the so-called "convalescent countries" the UK has made "perhaps the most remarkable turnaround" in the last year, according to the report.

Details have emerged from EEC representatives of four alternative schemes for currency harmonisation being studied at committee level and due to be put to Common Market Finance Ministers at their monthly meeting in Luxembourg next week.

The first involves the "extended snake" or "boa," under which countries outside the present EEC "snake" arrangement, such as sterling and the French franc, would not only be given a wider band within which their currencies could fluctuate (a 5 per cent variation instead of 2¼ per cent), but would also have a less rigid obligation to intervene.

An alternative to this would be to ask countries to maintain their effective exchange rates in relation to a basket of currencies, which would probably mean a combination of the dollar and the D-mark.

A third plan, of French inspiration, would involve killing the snake and replacing it with a much narrower animal, restricting fluctuations to plus of minus 1 per cent with reference to a basket of all the European currencies.

The fourth scheme being considered is the plan for a European special drawing right facility on the lines of the IMF scheme.

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Heavy shift from dollars
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Tenneco bid agreed

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE BOARD of Albright and Wilson has agreed to an increased offer of 195p a share for the takeover of the company by Tenneco, 19th largest industrial group in the U.S.

Albright's shares were suspended yesterday at 152p pending the announcement.

Tenneco made its first move last month for the 50.2 per cent of Albright which it does not own. The offer of 165p per ordinary share valued the company at 10.9 times earnings in 1977. It placed a value of £97.2m on the outstanding ordinary stock.

The bid was turned down by the Albright Board and its adviser Hill Samuel, which called it inadequate, said it fell substantially short of the level at which an offer could be recommended to stockholders.

Tenneco's revised bid values the ordinary stock at about £115m.

Hill Samuel said last night that the bid would be recommended by all parties. It was felt to be fair and reasonable.

Tenneco repeated that it intends that Albright and Wilson, the K's second largest chemicals company, should remain a separate and autonomous operation. The present management team would continue to run the company.

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Schmidt's currency zone backed by Austrians and Swiss

BY JONATHAN CARR

BONN, June 12.

CHANCELLOR Helmut Schmidt has received encouragement from Switzerland and Austria for his idea of a wider zone of currency stability in Europe, according to Government sources here today.

As a result it is felt that Herr Schmidt will be able to enter the European Council meeting and the western economic summit conference, both in West Germany next month, with his position further strengthened.

Support for the currency idea *came at a meeting in Salzburg* this weekend between Herr Hans Matthoefer the West German Finance Minister, and his Austrian and Swiss counterparts.

The Austrians are already closely linked to the European currency snake, although not members of it formally. The Swiss say they are ready to co-operate in a widened currency zone, while stressing the importance of economic discipline if such a zone is to be maintained.

Neither Switzerland nor Austria will be taking part in the European Council since neither is a member of the European Community, nor will they be represented at the economic summit.

Herr Schmidt now appears to have gained widespread support for at least the broad lines of his currency ideas, outlined to the European Council session in Copenhagen in April.

His plan is not to water down the existing discipline of the snake, but to draw other European currencies closer to it. Part of the West German reserves would be used for intervention if the scheme were agreed.

Herr Schmidt believes he has already won the support of President Carter, as well as that of most European Community Countries. The British still apear to have reservations although Bonn thinks it has noticed a somewhat warmer British attitude to the idea in recent weeks.

Italy is understood to feel it will have to remain outside a more disciplined currency arangement for the present. This is likely to be a key topic in discussions in Hamburg on Saturday between Herr Schmidt and Sr. Giulio Andreotti, the Italian Prime Minister.

German employers and unions reopen dialogue

BY ADRIAN DICKS

BONN, June 12.

WEST GERMANY'S trade union movement and employers' federation have begun a cautious attempt to ease the mistrust between them that has placed a severe strain on this country's unofficial social contract for more than a year.

Herr Heinz-Oskar Vetter, president of the Deutsche Gewerkschaftsbund (DGB), the counterpart to the British TUC, met Herr Otto Esser of the Bundesvereinigung der Deutschen Arbeitgeberverbaende (BDA), in Duesseldorf today. It was the first time the two men had met since Herr Esser succeeded the murdered *Dr. Hanns-Martin Schleyer* several months ago.

Relations between the two sides of industry have been poor ever since the employers brought a lawsuit in the Federal Constitutional Court a year ago against the hard-fought workers' co-determination (Mitbestimmung) Act, which comes into full force on July 1. Herr Esser announced before today's meeting that there could be no question of withdrawing the suit, in which the BDA is challenging the Act on the grounds that it interferes with the ultimate right of shareholders to dispose of their own property.

Herr Vetter, in turn, said that there could be no question of the DGB's return to the concerted action conference with the employers and the Government unless the suit were dropped. It is also unlikely that the BDA will do so before the Constitutional Court has given its ruling, which is expected in the autumn.

A statement at the end of today's meeting committed the *two sides to seek jointly acceptable* ways of tackling the unemployment problem and committed *them* to continue their dialogue.

While this may be less than Count Otto Lambsdorff, the Economics Minister, would like after his repeated appeals to both sides to rejoin the concerted action group, it was hailed today as a first step towards the better relationship that has prevailed for most of the post-war period.

Poll backs Italian security measures

By Paul Betts

ROME, June 12.

ITALY'S MAIN political forces from the ruling Christian Democrats to the Communists, appeared tonight to have beaten back an attempt to water *down existing law and order* provisions and remove sizeable state subsidies to political parties.

The challenge in the form of two popular referenda—voting for which ended at 2 pm this afternoon—was initiated by the small left-wing Radical Party, which campaigned for the repeal of both the existing law and order legislation *(the so-called Legge Reale)* and of the public financing of political parties.

The actual issues were not considered to be serious by the main political forces, but the essentially unified if low-key campaign demonstrated yet again that the present unique governing alliance, involving mainly the Christian Democrats, the Communists and the *Socialists*, appears *to* have held substantially so far.

However, although the principal parties supporting the minority Christian Democrat government represent, on the basis of the last general election, about 90 per cent. of the electorate, and these parties campaigned in unison, it is already evident that many of their supporters went against party recommendations to vote against the repeal of the public financing of political parties.

Final results will not be known until tomorrow morning, but provisional results indicated that the Radical Party proposals would be defeated.

French move on EEC shipping

By Margaret van Hattem

LUXEMBOURG, June 12.

FRANCE TONIGHT tried to block EEC attempts to establish a system to monitor shipping movements and the undercutting of freight rates in EEC ports.

***Britain, supported* by West Germany, the Netherlands and Denmark, argued at the EEC Council of Transport Ministers meeting here for immediate action to counter the growing threat of Soviet dominance in world shipping. Mr. Stanley Clinton Davis, the UK Under-Secretary of State for Trade, said failure to act now would merely substantiate Soviet suggestions that the EEC was impotent.**

Bonn releases $200m Portugal loan

BY FRANCIS GHILES

WEST GERMANY has now made available to the Portuguese central bank the DM 420m ($200m) it had agreed to contribute to the $750m Western aid package to Portugal arranged in Paris last September. The maturity of this loan—95 per cent of which is guaranteed by the Federal Government—is ten years but the interest rate, which is fixed, *is undisclosed.*

Other Western countries, such as Switzerland and the United Kingdom, but also Venezuela, have already made their contributions available to Portugal.

In addition to this package, and the $70m the International Monetary Fund is prepared to lend, international banks have agreed to raise about $500m for Portugal.

A first medium-term loan amounting to $150m is currently being arranged: joint lead managers will be Westdeutsche Landesbank and Commerzbank. A string of French, Swiss and British banks is expected to participate in the management group.

The borrower will pay a spread of 1 per cent. over the interbank rate for seven years with a four-year grace period.

U.S. banks are currently negotiating with the Portuguese authorities for a medium-term loan of at least $300m. Neither lead managers, nor terms, are yet known.

Jimmy Burns adds from Lisbon: The latest package of loans from international banks being negotiated by the Portuguese Government is expected to help finance Portugal's balance of payments deficit of $1.5bn. It will also help restructure the country's short-term debt, currently estimated at $2.4bn (total foreign debt is now estimated at around $5bn).

In its letter of intent to the International Monetary Fund, finally signed in Washington last week, the Portuguese Government pledges to reduce its balance of payments deficit to $1bn by April 1979.

Borrowing from the Euromarket is expected to ease pressure on reserves and prevent the Government from resorting to selling already diminished gold stocks, always regarded here as the country's last line of defence against total bankruptcy.

Last year, for example, the Bank of Portugal was forced to sell 46.2 tons of gold in settlement of a $300m short-term credit conceded by the U.S. Stabilisation Fund.

● The Association of Foreign Farmers and Smallholders, a pressure group representing 46 foreign farmers whose land was seized at the height of the Communist-backed onslaught on the Alentejo region in southern Portugal in 1975, has urged the Government to clarify once and for all its policy on indemnification.

Speaking at the weekend, the Secretary of the Association in Lisbon, Mrs. Carol Edlmann, told the Financial Times that despite indications over the past week that the Government was considering issuing instructions regulating the Indemnity Law, foreign farmers here have received no assurances from the Government that they would receive either compensation or restitution. A total of 8,347 hectares was occupied or expropriated under the guise of a radical land reform.

"I know of a number of foreign farmers who would like to invest in land in Portugal, and who are prepared to make a positive contribution towards reviving agriculture in this country, but they have to first be convinced that Portugal is not a country of robbers," Mrs. Edlmann said.

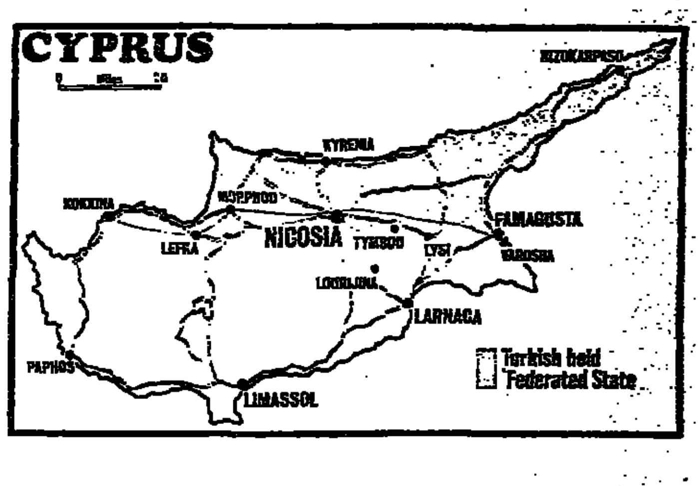
In April a personal letter was sent to the Prime Minister, Sr. Mario Soares. The letter was answered within days by a clerk at the Prime Minister's office, who simply said that the matter had been referred to the Minister of Agriculture.

Since the ruling alliance of Socialists and Christian Democrats took office in January, several spokesmen, including the British ambassador to Portugal, Lord Moran, have made direct approaches to the authorities on the subject.

TURKISH CYPRUS

Trailing behind the Papadopouloses

BY DENNIS KILEY



THE TURKISH Cypriots find themselves in a paradoxical and uncomfortable situation: they are receiving too little of the kinds of money they need, too much of those they do not.

They would like sufficient foreign currency to pay for their imports, at least, and some substantial foreign aid as well. What they are geting, however, is largely Turkish lire in grants-in-aid from the mainland and money spent by Turkish "shopping tourists" who come over to load up with imported goods that are restricted in Turkey itself.

Together with the expenditure from a garrison of about 18,000 Turkish troops (among a total estimated population of 120,000) the inflow is currently causing inflation of 25 to 30 per cent.

The 1978 budget is *expected* to be (U.S.)$88.8m with a deficit of about $17m. The Government of the Turkish sector is planning to take a series of austerity measures in order to increase State revenues and ease the severe strains on the budget. The budget deficit has grown from $8.6m in 1975 to $10m in 1976 and $23.5m in 1977 and is still tending to rise.

The main expor earner, agriculture, brought [illegible] 0.3m in 1977, but nearly half of it came *from Turkey—in Turkish lire.* Tourism brought in an estimated $8m—again nearly all in Turkish lire, and muc hof it applied to importing consumer goods.

The Minister of Industry and Public Enterprises, Mr. Tansel Fikri — a former economics lecturer at Sheffield University —says that the inflation rate is bearable because of the *momentum it creates for commerce.* He also consoles himself that it is less than the Turkish mainland rate, though depressing compared with the 7 per cent rate on the Greek side of the island, which is enjoying a 5 per cent growth rate.

Peeping over the military line at how the neighbouring Greek-Cypriots are getting on is a *permanent pastime in the* Turkish sector of Cyprus. Keeping up with the Papadopouloses, one might call it. The latest Turkish Cypriot assessment of their own economy states bluntly: "The economic rift between the two regions is widening." This, it says, means that the potential for integration between the two communities is being reduced.

The Turks point enviously to the foreign aid and credits, which now all go to the internationally - recognised official Government of the island—the Greek one. They say the Greeks have had $600m of foreign aid in the past three years, which works out at about $12,000 a head. On top of this, all United Nations technical aid is available only to the recognised Government.

The Turkish Cypriots must shift for themselves in trying to cope, for example, with their problem of excess money supply without benefit of a central bank. UN monetary experts are available to advise the Greeks.

By way of foreign aid the Turkish Cypriots receive a grant-in-aid from Turkey worth about $12.5m a year, which is similar to what the Turkish community used to receive during the years when it lived in segregated enclaves in an island that was in practice controlled by Greeks, though theoretically by the two communities. In its enclaves, the Turkish Cypriot community lived, says Mr. Fikri, "as a consumer society," for a period of some 11 years, which did nothing to enhance its entrepreneurial and other skills.

Now that they have to apply the same $12m to their development projects, the Turkish Cypriots find themselves very short of qualified managers to use what little money they have. Their unemployment is estimated at about 7 per cent, but it is mainly structural. They are short *of people to handle their tourist* industry, such as it is, even though at this stage the tourists are almost entirely mainland Turks. The international airlines may not fly into the Turkish Cypriot airport at Ercan, near Nicosia, because of the unresolved political dispute. ("They stole our airport," say the Greeks. "We built our own," say the Turks.)

They would like to shift manpower from an overpopulated civil service to the money-earning part of the economy. They have to import seasonal migrant labour from mainland Turkey to harvest the citrus and other crops.

The high rate of *inflation* gets ahead of wage increases, and there are frequent strikes. "When we were fighting together we paid all civil servants £30 a month and nobody complained about their pay," says Mr. Fikri ruefully, "But now of course people are no longer in *fear of their lives and they can relax and* quarrel about things like pay."

The new government, elected a few weeks ago, would like to create a prices and wages policy, but with inflation as it is, the well-organised trade unions continue to demand wage increases. "We have had some big, bad strikes—even teachers," says Mr. Fikri.

The *inflation*, therefore, is both cost-push and wage-pull, and before the new government can get near applying any sort of wages and prices policy it has to try and overcome the lack of basic machinery for controlling money supply.

Pending the arrival of Western tourists with their much-needed foreign currency, the Turkish *Cypriots are getting plenty of* opportunities to practise their tourist-handling skills on the visitors from the mainland. In 1975 they got about 68,000 mainland tourists, in 1976 about 93,000 and in 1977 more than 150,000.

To attract foreign investment in *this* sector they have opened a couple of casinos in Famagusta and on in Kyrenia and are negotiating with leisure industry groups in the U.S. to take a share. From the point of view of potential investors in the unstable eastern Mediterranean, the gambling industry has the attraction that one does not need to invest in fixed property—just managerial know-how and operational finance.

The Turkish Cypriots are also working on a package of incentives for foreign investors in industry, *offering* depreciation allowances and import concessions as well as the possibility of operating from a free entrepot trade zone in Famagusta.

Tourism and foreign aid have always been the invisible balancers of the island's economy, with exports running at about £60m, and imports at £120m, before the island was *divided.*

Both of these major invisible earners have remained on the Greek side, particularly foreign aid. The Prime Minister of the Turkish section, Mr. Osman Orek says: "Political instability is the greatest economic asset of the Greek Cypriots. While there is no solution they get all the world aid and all the world sympathy—*why should they hurry to reach* an agreement"

Norwegian offer to foreign oil companies

By Kevin Done

OIL COMPANIES prepared take an active role in the inc trial development of Norway receive favourable treatment negotiations over the four round of offshore explorat licences, Mr. Bjartmar Gjer the Norwegian Oil and Ene Minister said in London yest day.

Mr. Gjerde to-day meets Anthony Wedgwood Benn, UK Energy Secretary for latest in a series of six-month talks on the possibilities for operation in the development North Sea oil and gas resour Mr. Benn is expected to str the need for British suppliers offshore equipment to obtain "full and fair" opportunity bid for work on the Norwegi continental shelf. The two sid have now had several meetin on this topic but with lit result to date.

Other major topics on agenda for the two energy min ters will be: co-operation contingency planning for em gencies and general safety the North Sea, progress treaties to decide the unitisati of the Statfjord and Murchis Fields (which straddle median line between the UK a Norwegian sectors), and possib joint action to build a g gathering pipeline system.

The two sides are thought agree in principle on wh efforts the North Sea operati companies should make to pr pare for North Sea emergenci Both governments have be deeply influenced by the Ekofi Bravo blow-out last year.

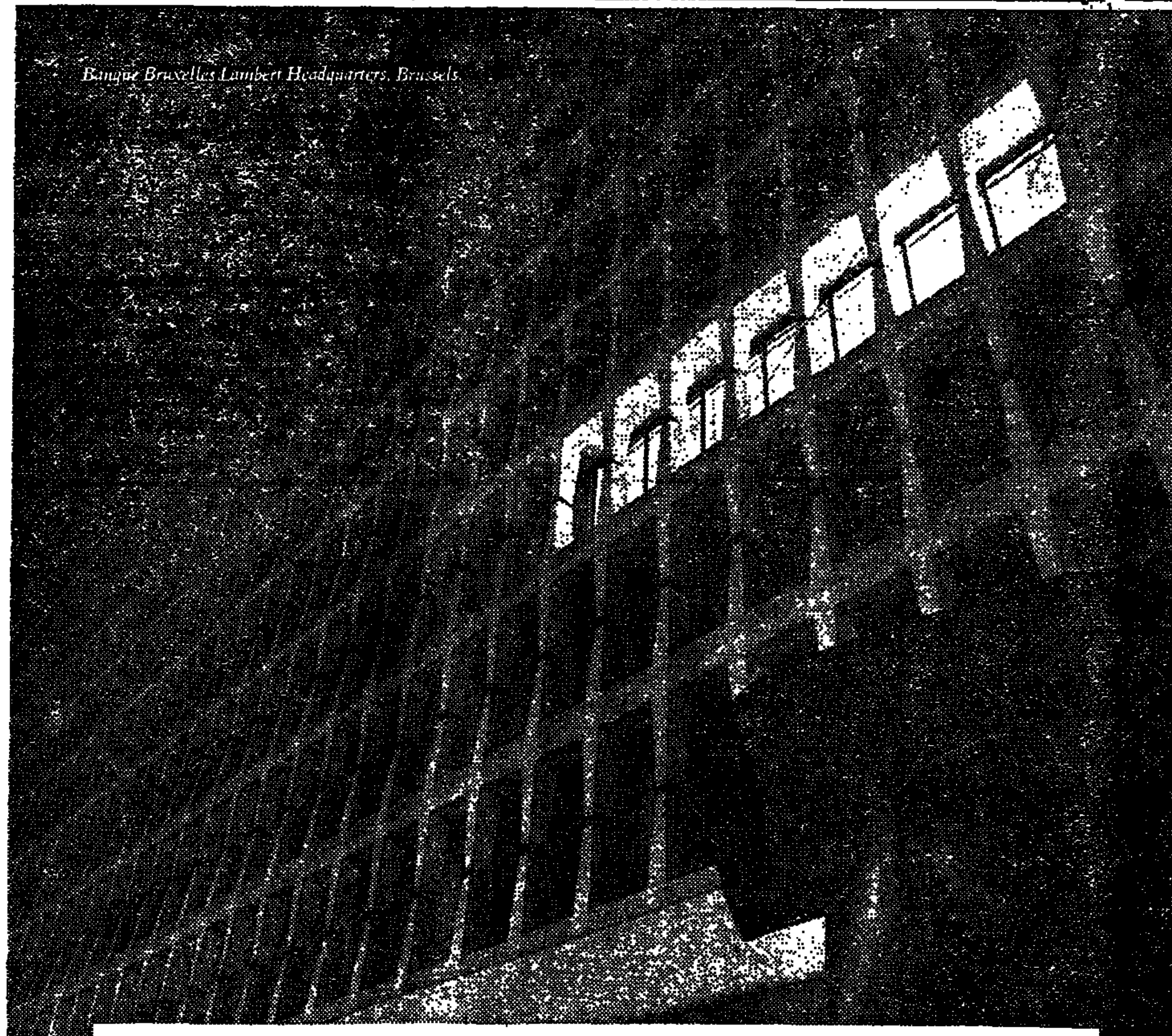
The Norwegian Parliament to debate a report on this acc dent later this year. It has bee holding up any *progress on* e ploration north of the 62n parallel.

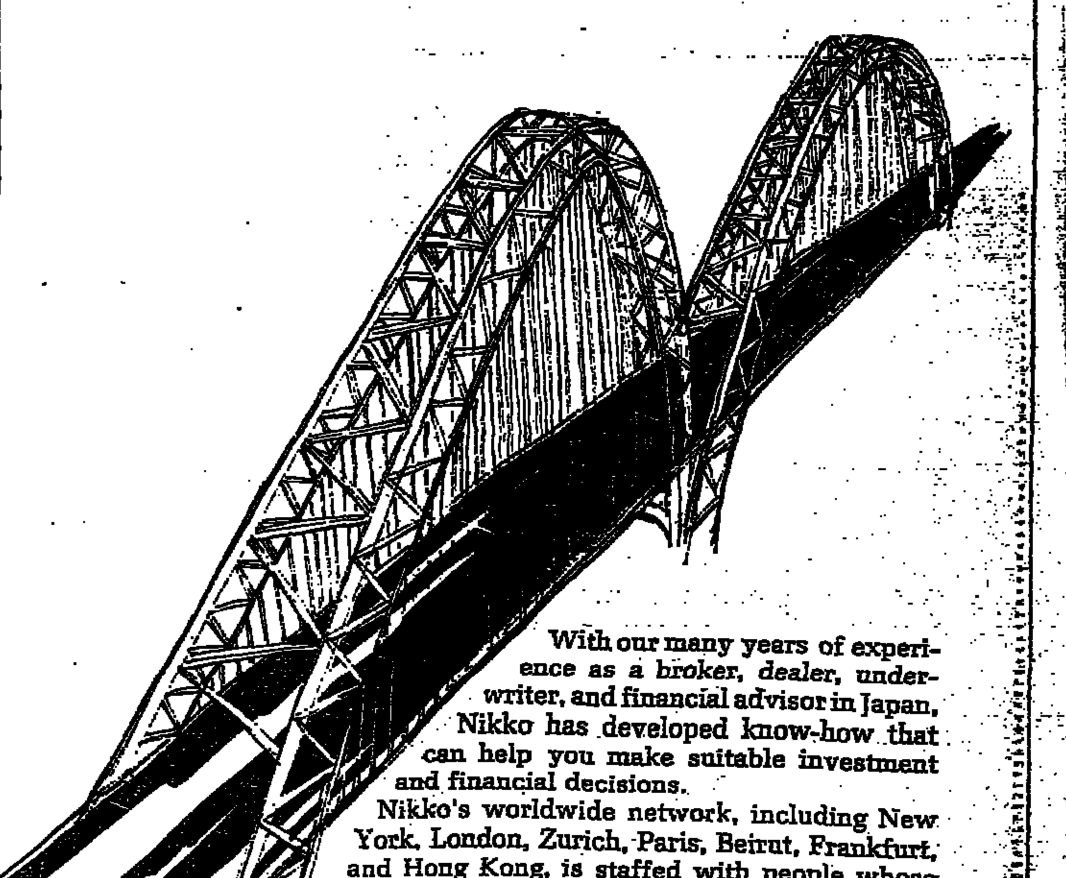
The Norwegian Government anxious to speed up the develo ment of oil and gas resourc because of the flagging econom But Mr. Gjerde said yesterda that the earliest drilling coul now begin would be 1980.

Fifteen blocks are bein offered in the fourth round an at least half of these could b allocated by the end of the yea said Mr. Gjerde. The object o the round is to speed up th exploitation *of* oil and ga reserves, to discover more abou the potential of blocks in th area of the Statfjord Field (th biggest find in the North Sea) and to improve employment i the engineering industry.

Mr. Gjerde said Norway wa looking for oil companies "wit interesting investment project to offer.". We would prefer a company that would be active in the industrial field. That would be a credit in the negotiation."

Any progress on a joint gas gathering pipeline between the U.K. and Norway will depend on the first results of fourth-round exploration drilling, said Mr. Gjerde.





EUROPEAN NEWS

Doubts raised in Norway over Volvo agreement

BY WILLIAM DULLFORCE

STOCKHOLM, June 12.

NORWEGIAN industrial and political circles have been voicing doubts over the last two weeks about the agreement under which Norway is to take a 40 per cent holding in Volvo, the Swedish automobile manufacturer. The minority Labour Government cannot be certain of winning parliamentary approval for the merger later this year.

No opposition leader has yet stated that his party would vote against the Volvo agreement but Mr. Kaare Willoch, the Conservatives' parliamentary leader, has complained about the inadequacy of the information so far available and queried Volvo's financial standing. Prime Minister Odvar Nordli last week undertook to keep the opposition informed of the detailed negotiations with Volvo, which have to be concluded by October 15.

The sharpest criticism so far has come from the Norwegian federation of industries. A leading article in the latest issue of its magazine states: "There seems at the moment to be no *reasonable relationship between* the real advantages obtained on the Swedish side and the opportunities expected to arise on the Norwegian side."

The development possibilities for Norwegian industry would *depend* on the Swedish-Norwegian Volvo remaining a profitable undertaking. Was Norway "the most suitable place for *the* development, not to speak of the production, of passenger cars for the 1980s and 1990s?"

The leading article also raises the question of the future financial commitments the Volvo agreement could entail for the Norwegian state. It concludes that "co-operation with Volvo" should not be rejected but a *number of decisive questions* and assumptions had to be clarified before the agreement was submitted to the Norwegian Parliament.

Ceausescu visit affirms Romania's independent line

BY ROGER BOYES IN BUCHAREST

THE Romanian President, Nicolae Ceausescu, flies to London today on the first State visit to Britain by a head *of state from* a Warsaw Pact country. He will be the guest of the Queen and will hold talks *tomorrow* with Mr. James Callaghan, the Prime Minister, which are expected to span Middle East, African and East-West affairs, as well as Anglo-Romanian relations.

The four-day visit is part of *Romania's drive* to demonstrate that its foreign policy is quite independent from the rest of the Warsaw Pact. President Ceausescu has in the past two months visited both the U.S. and China and has won a reputation as a go-between in conflicts in the Middle East and the Far East.

"Ceausescu," said one Western diplomat *in Bucharest,* "*is on a* tightrope and he needs the West to give him a safety net."

A principal weave in this *safety net* is the strengthening of trade with countries outside the Comecon bloc, especially with the West and the third world. Trade in fact will rank high during President Ceausescu's talks and several deals are *expected to be signed either* during or shortly after the visit.

The largest of the deals under negotiation is with British Aerospace—to be visited by the President on Thursday—for the construction of 82 BAC 1-11 short-haul airliners. According to the terms of the preliminary *agreement, parts of the* BAC 1-11s will be manufactured in both countries with a simultaneous gradual expansion of Romanian technical capacity until a full-scale production line can go into operation in the 1980s. *Although the final details* of the deal, worth some £200m have yet to be settled, Romanian *foreign trade officials* said they were opimistic that the agreements would be signed this week. A separate deal with Rolls-Royce for the production of aircraft engines is also expected to go ahead.

The BAC 1-11 deal illustrates Romania's trade strategy with the West, dictated as it is by the need to reinforce Romanian economic *independence. Com*pensation, barter and counter-trade deals are favoured and joint production schemes, passing *on* expertise and stabilising long-term trade, are particularly welcomed.

Romania will certainly use the President's visit to urge Britain not only to make more use of economic co-operation projects—*there are at present no British* joint ventures on Romanian soil —but also to increase its *imports from* Romania. British exports to Romania last year totalled £80.4m compared with £49.1m in 1976. Romanian exports to Britain amounted only to £52.4m compared to £49.5m *in* 1976.

The imbalance of trade is, in the Romanian view, the only outstanding problem in relations between London and Bucharest, which are regarded as stable and friendly. For Britain, the visit *represents something* of a watershed for its links with the Warsaw Pact. Indeed, Anglo-Romanian relations often seem to counterpoint the ups and downs of relations between Britain and the Soviet Union. Under normal circumstances, the head *of* state of a Soviet bloc country would not have been *invited to London until after a* visit by the Russian leader. But since the expulsion of over 100 suspected Soviet spies from London in 1973, there have only been distant prospects of a visit by President Leonid Brezhnev. *Even Mr. Harold Wilson's visit to* Moscow in 1975 was followed shortly afterwards by a trip to Bucharest in which he assured President Ceausescu of British support for the country's independent policies. The gesture is still appreciated in Romania.

In a sense, both the British and Romanian leaders will be looking over each other's shoulders this week. Mr. Callaghan will be looking for insights — valuable even from such a wayward member of the Warsaw Pact—into Soviet policy *moves* in the Middle East and Africa. Mr. Ceausescu will, in turn, be searching for a guide *to future* U.S. behaviour towards Bucharest. Romanian officials made it clear that they believe Mr. Callaghan has the most *leverage of all the Western allies* with Washington.

President Nicolae Ceausescu

Romania is concerned that its *relationship* with the U.S., once clearly defined under Presidents Nixon and Ford, has become somewhat blurred under the Carter administration, partly because of criticism of Bucharest's record on human rights. Mr. *Ceausescu's recent* visit to Washington appears to have done little to calm his fears over U.S. policy.

Mr. Ceausescu's immense network of diplomatic contacts provides the West with some interesting — indeed, otherwise unobtainable — perceptions of international events. Romania, *for instance, is the only* East European country to maintain diplomatic relations with Israel as well as the Arab countries. Mr. Menachem Begin, Prime Minister of Israel, Mr. Moshe Dayan, the Israeli Foreign Minister and *President Anwar Sadat of Egypt* have visited Romania recently and, according to an Arab Diplomat here, "seen the problems of the Middle East in a *fresher* perspective."

It is difficult to judge whether *Romania's* usually active international role adds up to anything more than "a fresh perspective," whether indeed it has any relevance outside intra-*Warsaw* Pact relations. One school of thought, subscribed to by many Western diplomats, is that Mr. Ceausescu is carving himself a role as honest broker in the vacuum between the two superpowers. No-one, the argument goes, attacks the broker provid*ing he is demonstrably honest.* But the Romanians deny such ambitions, claiming that any form of mediation would be interference in the affairs of other countries and thus anathema to a state which has tried *to enshrine* the principles of independence.

Yet Romania's role in the Far East—President Ceausescu *has* travelled recently to Cambodia, Vietnam, Laos, North Korea and China—seems to suggest that it is acting as more than a transmission belt between states that are no on speaking terms. A Romanian Foreign Ministry official made clear last week that *any conflict*—such as the border dispute between Cambodia and Vietnam—which *could embroil* the USSR, China or the U.S. was a matter of concern for Bucharest. "We believe," he said, "not only in territorial sovereignty and integrity, but also in equal rights for small nations to act in the international arena, alongside the superpowers." Mr. Ceausescu will doubtless find a sympathetic response in such a *policy from Britain this week.*

Malta attacks Dahrendorf

BY GODFREY GRIMA

VALLETTA, June 12.

THE MALTESE Government today reacted sharply to an attack by Professor Ralph Dahrendorf on its projected radical reforms in tertiary educa*tion due to come into effect later* this year.

Professor Dahrendorf, head of the London School of Economics, was chairman of the Maltese Commission for Higher Education for more than six years before resigning on June 6.

In his letter of resignation and in a series of newspaper interviews over the *weekend* Professor Dahrendorf accused the Government of "destroying the last remnants of equality in higher education" with its direct involvement in the running of the universities.

This morning Dr. Joseph Cassar, Maltese Deputy Premier, claimed Professor Dahrendorf's criticism was "imprudent" largely because *this was* based on a draft, not the final education Bill which the Government intends to present to parliament this evening. Dr. Cassar said the Draft Bill differed substantially from the final legislation and the *White Paper* published this morning.

Banks in Ankara debt talks

ANKARA, June 12.

TALKS ON *rescheduling some* $2.5bn which Turkey owes to private foreign banks start here today between the Finance Ministry and representatives of an international banking consortium. Turkey is *understood to be seeking to* consolidate its short-term debts so that it can pay them back in seven years with a three-year grace period.

It is also hoping to secure $350m of fresh credit from the *consortium, which includes* major European and U.S. banks.

The organisation for Economic Co-operation and Development recently agreed in principle to postpone *Turkish debts to its* governmental members of $1.5bn while a number of bilateral agreements with creditor states have also been negotiated.

A two-year, $450m loan agreement *with the* International Monetary Fund which took effect on May 1 was seen here as a signal for private banks to make their own moves to accommodate Turkey's problems.

The Turks have also reached a separate agreement in principle with Citibank, one of the U.S. members of the consortium, for a $100m loan spread over the same seven-year period with three years' grace, for paying off debts to foreign private companies.

Other members of the consortium whose representatives start talks with the Finance Ministry today are: Chase Manhattan, Morgan Guaranty, Barclays Bank, Deutsche Bank, Dresdner Bank, the Swiss Bank Corp. and Union Bank of Switzerland.

● Chinese Foreign Minister Huang Hua held talks here today with Prime Minister Bulent Ecevit and the Turkish Foreign Minister, Mr. Gunduz Okcun, at the start of a four-day official visit.

The Chinese Minister, who arrived here from Amsterdam last night, travels to Istanbul on *Wednesday* and leaves Turkey on the following day.

Reuter

Dutch likely to buy French reconnaissance aircraft

BY CHARLES BATCHELOR

AMSTERDAM, June 12.

HOLLAND LOOKS *increasingly* likely to replace its marine reconnaissance fleet of 13 Neptunes with the French Breguet Atlantique instead of the British Nimrod or the U.S. Orion. This follows a request by the French for the Dutch aircraft manufacturer Fokker-VFW to make an offer for the delivery of 12 F-27 aircraft for use as trainers by the *French Navy.*

The French have said the order will definitely go through if the *Dutch navy replaces its obso*lescent Neptunes with the Bréguet Atlantique, Fokker said. The value of the F-27 order will depend on the detailed specifications.

France has also expressed great interest in the maritime version of the F-27 and is considering ordering up to 20 while the F-28 jet is also a possible replacement for the ageing fleet of Caravelles in use with Air France and Air Inter. "It is clear *that prospects for the F-27* maritime and the F-28 orders are increased if we replace the Neptunes with French aircraft," Fokker said

If the order is placed with France, Fokker would get compensation orders worth Fl122m ($55m) to build part of the wings and engine casings of the 13 planes *for the Dutch navy* and also for the 42 to be built for the French navy.

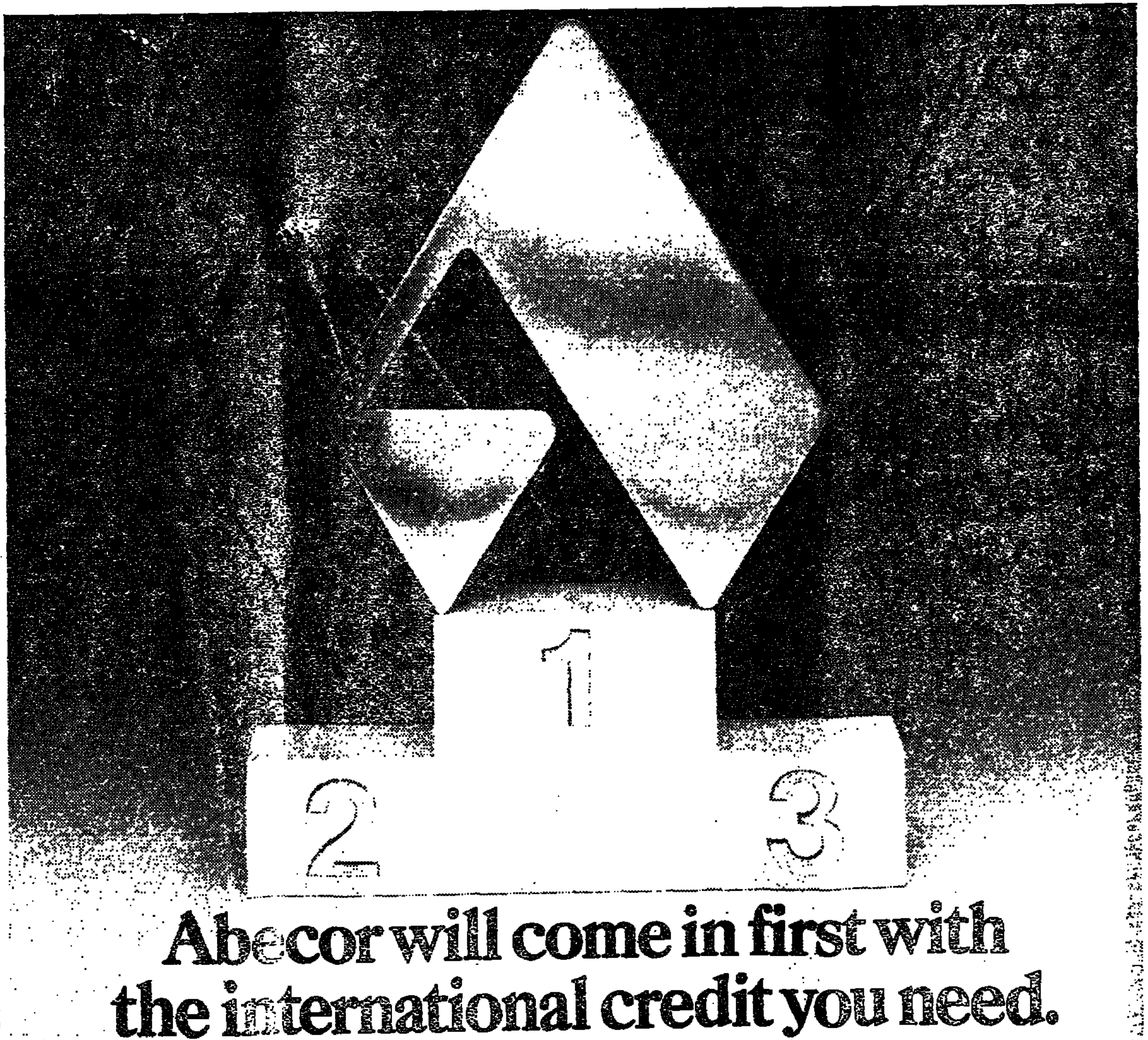
Fokker is hoping that the possible return orders and the compensation work which would help employment in Holland will *weigh more heavily than the price* when the Dutch Cabinet considers the question later this week. The estimated cost of the Atlantiques is Fl1.2bn ($535m) while the Orion, which now appears the only serious alternative, has been costed at Fl800m.

Fokker believes the actual *price of the Atlantique* would be lower than this. In terms of fuel economy the Atlantique does better than the Orion, costing Fl3.2m a year against Fl5m. Repair costs over 6,500 flying hours are higher at Fl17.3m against *Fl11.2m.*

The French have also offered to provide four Atlantiques of a previous version to bridge the gap between the phasing out of the Neptunes and the delivery of the new Atlantiques. The new aircraft would be delivered in 1983-84 but the already overworked Neptune fleet will be phased out from next year.

The Cabinet will consider the problem of Neptune replacement at its meeting on Friday although it is not certain *that a decision* will be taken.

British Aerospace, manufacturer of the Nimrod, complained recently about incorrect and misleading details released by the Dutch Government about the aircraft's price, performance and delivery dates.



OVERSEAS NEWS

WITHDRAWAL FROM SOUTH LEBANON

Israel ready for hand-over deadline

BY OUR FOREIGN STAFF

ISRAEL yesterday began its withdrawal from south Lebanon, which it *invaded in March*. But it has turned over most of its positions to right wing Christian militiamen, according to Western military sources in Beirut. Israel's main units were withdrawn on Sunday, and the rest are expected to be removed in time to meet the deadline for withdrawal today.

The handed-over positions will be under the command of Major Saad Haddad and the border strip in which they are situated is the last area under Israeli occupation. About 300 square miles, it forms what the Israelis call a security belt.

Both before the invasion and after, Israel built up close connections with the Christian enclaves and have established strong infrastructure links between the communities which not only bring them more strongly together in protection against possible Moslem and Palestinian attacks, but would facilitate an Israeli return to the area. Israel has said that it remains committed, even after withdrawal, to the defence of the Christian community in south Lebanon.

The Israelis are reported to have asked the United Nations interim force in Lebanon to negotiate with Major Haddad after first handing over the sector to men under his command. Reports from Israel indicate that, having agreed to hand over its positions to the UN force in the two earlier stages of withdrawal, Israel has this *time refused to surrender to the* UN its positions near the Christian villages.

In spite of complaints by Major-General Emmanuel Erskine, the UN commander, about the recent lack of co-operation, Israel insists that it never occupied the Christian villages. Israel had long aided these villages to withstand Palestinian attacks and is believed to have helped build up their forces before the evacuation.

According to a report in the Beirut daily al-Safir, a left-wing newspaper, Israel left behind 50 military vehicles, including a number of tanks and field artillery to boost the strength of the right-wing militia. The vehicles were repainted and the Star of David removed before the equipment was handed over to Major Haddad. It was also reported that the "good fence" will remain open for continued co-operation and dealings with Israel.

Ihsan Hijazi reports from Beirut: Fatah, the main guerrilla organisation, has claimed responsibility for yesterday's raid on the Israeli kibbutz of Mekhola in the Jordan valley. A communiqué said that three guerrillas who survived the attack had returned to base safely after hoisting the Palestinian flag over the kibbutz. A fourth guerrilla was killed in a battle with guards at the settlement.

This is the first guerrilla attack on an Israeli target from the Jordan valley since the raid on Beit Shean almost four years ago. Analysts believe the attack was in retaliation for the Israeli assault on a guerrilla sea-base on the Lebanese coast on Friday.

The analysts said the action demonstrated the ability of the guerrillas to strike from areas outside Lebanon and showed that they had managed to go through the Jordanian security barriers which were established after the Beit Shean raid.

Rami G. Khouri reports from Amman: The Jordanian Government and army declined comment about the guerrilla attack on Mekhola. Reports from Israel have assumed that the guerrillas infiltrated into the occupied West Bank from Jordan and then returned across the Jordan River. Observers doubt whether the attack did, in fact, originate from Jordanian territory.

"We saw nothing and heard nothing," was the remark of one senior official when asked about reports of the guerrillas escaping into Jordan.

The prospect of guerrilla activity being resumed from the East Bank is rather frightening to the Jordanians, not least because of the economic damage it could do to an agricultural area in which $1bn is being invested. The issue is one of the key factors holding up a resumption of serious political discussions between Jordan and the Palestine Liberation Organisation.

Commando raids against the occupied West Bank stopped being launched from Jordan after the fighting between Jordanian and Palestinian forces in 1970 and 1971, which resulted in the expulsion of the Palestinian resistance's military activities from Jordan.

The protracted guerilla activity and Israeli counter-raids against positions in the Jordan valley between 1967 and 1971 were devastating to Jordan's aims of making the fertile region a *centrepiece of the country's economic development.*

The protracted guerrilla activity dwindled to 5,000 after the internal fighting of 1971, but has grown again to nearly 90,000. The Government's investment programme will make the East Bank part of the *Jordan* valley the lynchpin of Jordan's agricultural sector, with a projected valley population of 150,000 people by 1983.

In Cairo: it has been reported in the weekly magazine Rose el-Youssef that President Carter and President Sadat were expected to meet before July 23, the anniversary of the overthrow of the monarchy, to discuss the latest developments in the Middle East. The White House said yesterday that such a meeting was likely but not necessarily before that date.

Philippines government change

By Our Own Correspondent

MANILA, June 12.

THE PHILIPPINES formerly shed its old American-style Presidential form of government *today when President Ferdinand* Marcos convened the country's first legislature after more than five years of one-man rule.

But Mr. Marcos, who is now both President and Prime Minister, said he will continue martial law until the new Parliament can "show to the world that it is as effective if not better than the crisis Government.

The Assembly of which Mr. Marcos is also a speaker has the task of ensuring an orderly transition from the presidential form of government and its bicameral Congress, which martial law abolished, to a parliamentary system, under constitution amendments. Mr. Marcos, however, has the power to issue decrees if he is not satisfied with the Assembly's pace.

Fourteen of the Assembly's *184 delegates won their seats as* opposition candidates and today they received the loudest and longest applause from about 1,000 people in the galleries.

West takes hard line over Pakistan's debts

BY SIMON HENDERSON

ISLAMABAD, June 12.

MEMBER countries of the Western Aid to Pakistan consortium are taking a hard line towards the request by General Zia-ul Haq's government for rescheduling of its external debt. Discussion of the topic was *deferred at the meeting in Paris* on June 1 and 2 of the consortium and a settlement is not now expected until at least the autumn.

In Paris Pakistan asked *for* nearly $900m next year and received pledges of $850m. The rescheduling request was *for* $300m a year for five years as a continuation of a previous agreement of relief of $650m for the four-year period ending this month.

The tough stance of the consortium countries is based on the opinion that Pakistan is not doing enough to sort out its economic problems and, with the continuing high inflow of foreign remittances is not short of foreign exchange anyway. It is officially admitted that more than $1bn is now remitted home each year from Pakistanis working in the Middle East and Europe.

The consortium countries also want to see details of next year's budget due to be announced within a matter of weeks and how internal inconsistencies in the draft of a Five Year plan for 1979-83 are to be resolved.

The U.S. and West Germany *are taking the toughest attitude.* Sweden, Switzerland and the Netherlands, all with smaller loans, are believed to have made or are about to convert their loans into grants or into softer terms.

Britain's attitude is believed to *be somewhere in the middle. All* British aid to Pakistan is now in grant form. What is being discussed is the legacy of previous commitments which were given on very soft terms. Britain promised £35m in Paris.

The Pakistani case for *rescheduling is based on the fear* that remittances from abroad are not a dependable source of income. The country has now contracted about $7bn worth of aid. This year interest and amortisation charges will reach about $500m. This is almost 50 *per cent of its total export earnings* although it is approximately at the safe proportion of 20 per cent when remittances are included.

Kaunda warns of crisis

By Michael Holman

LUSAKA, June 12.

ZAMBIAN President Dr. Kenneth Kaunda today warned that central and southern Africa was "passing through the worst crisis in its history.

"Africa is on fire," he told delegates to the opening session of the national council of the ruling United National Independence Party (UNIP). "Africa must quench that fire, the forces at work could permanently divide free Africa."

Pointing to the "wars of liberation" in Namibia and Rhodesia, "a deadly time bomb" in South Africa, and the conflict in Zaire's Shaba province, Dr. *Kaunda spoke of a threat to* international peace: "For the first time Africa is becoming visibly a battlefield for international forces. The conflict in our region is increasingly producing an atmosphere reminiscent of the cold war between the west and the east," whose weapons "are starting to play a key role in determining international security in central and southern Africa."

THE S. AFRICAN CAR INDUSTRY

Trying to fit a quart into a shrinking pint pot

BY QUENTIN PEEL IN JOHANNESBURG

MOTOR CAR manufacturers are currently enjoying a degree of public attention in South Africa which they find slightly uncomfortable. As an industry with a high degree of foreign ownership, since only three of the 12 companies have majority South African holdings, it has inevitably become a prime target for the general reassessment of foreign investment in South Africa.

Currently, the reassessment is being undertaken from varying viewpoints in Government offices, Boardrooms, and the anti-apartheid organisations in Europe and the U.S.

The most immediate reason for being in the limelight, however, is that the industry is widely expected to undergo some drastic reorganisation over the next two years, although the desire of parent companies to reduce their direct exposure in a politically sensitive area may have some effect on the outcome. the most significant considerations are related to the domestic economy, the chaotic state of the industry, and to direct Government intervention in increasing the local manufacturing content of South African vehicles.

Leyland South Africa, the wholly-owned subsidiary of British Leyland, has confirmed that it is holding talks on rationalisation of production with three other manufacturers. The front runner for some sort of merger with Leyland is Sigma, one of the few groups with a notable South African stake. Anglo American Corporation, own 75 per cent. of Sigma and Chrysler 25 per cent. Toyota, the only car manufacturer quoted on the Johannesburg Stock Exchange, has held talks with Peugeot-Citroen, although they have since fallen through. Instead, the latest report would link Peugeot with the proposed *Sigma-Leyland combine.* Without any firm confirmation, the name of virtually every one of the 12 manufacturers has been linked with every other in recent months in a merry-go-round of negotiations—as one newspaper described it.

Agreement is unanimous on the industry's problem: too many manufacturers are chasing too small a market. At its peak—in 1973—just short of 230,000 cars were sold in South Africa. In the last two years the market has slumped disastrously: to *185,000 cars in 1976*, and down to 167,000 last year. The National Association of Automobile Manufacturers (NAAMSA) estimates that the industry collectively lost some R20m (£12.5m) in 1976, and R50m (£31.25m) in 1977. Clearly the *industry has had to ride out the* effects of the most prolonged economic depression in South Africa since the last war, on top of the effects of continuing petrol restrictions in the wake of the oil crisis.

While the economic depression has no doubt concentrated the parent companies' minds on their losses, the worst would appear to be over. The market seemed to bottom out six months ago, and has picked up steadily since the start of the year. Sales in January were 15 per cent higher than in January, 1977, while by April they were running 43 per cent above figures of a year earlier. There is still little sign of real growth: most of the purchases are of replacements made ahead of this year's expected price increases and ahead of the introduction of a new general sales tax in July. But most manufacturers have raised their predictions for the total market this year from around 170,000 cars to nearer 180,000.

Even then there is hardly room for 12 manufacturers. Mr. Chris Griffiths, chairman of Sigma, believes it could support a *maximum of six*, more probably four or five. Mr. Colin Adcock, managing director of Toyota, believes South Africa already has the capacity and facilities for all its needs "up *to the year 2000." Too many big* facilities are standing under-utilised, he says. He estimates current surplus capacity at rather more than 80,000 units a year.

It was to tackle precisely that situation, where one industry might tie up too much of South Africa's scarce capital resources, that the Government first introduced its local content programme in the early 1960s. The thinking behind it was that, rather than strictly limit the number of manufacturers allowed to open plants in the country, it would step up local investment requirements until the weaker ones were forced to quit, leaving the market to an appropriate number. The latest merger talk is largely a preliminary to the next major phase of the local content programme, which comes into effect on January 1, 1980.

Full details of the programme have yet to be published, much to the irritation of the industry. But the broad outlines are known. Light commercial vehicles will have to be brought up to the *same* level of 66 per cent local content as passenger cars. Moreover, the current dispensation under which manufacturers may "average" the local content of their models is to be scrapped. Two results are inevitable: the programme will require substantial new investment, *and it will largely erode* the price differential between passenger cars and light commercial vehicles. Manufacturers who have previously relied on the latter for a substantial part of their profits will be forced to increase their volume in the car market. There is no local content programme for heavy lorries and buses, which consequently are a much more profitable market for big producers like Leyland and Mercedes.

AUTOMOBILE SALES IN S. AFRICA, 1977	
FORD	27,739
VOLKSWAGEN	24,960
DATSUN-NISSAN	19,298
SIGMA (Chrysler, Mazda, Colt)	18,549
GENERAL MOTORS	17,836
TOYOTA (including Renault)	14,154
PEUGEOT-CITROEN	12,075
UNITED CAR (Mercedes)	7,628
LEYLAND	7,490
FIAT	6,767
BMW	6,218
ALFA ROMEO	3,916
OTHER (assembled)	129
TOTAL SALES	166,764

Source: NAAMSA

In spite of all the talk, many motor industry executives doubt that the new phase of the local content programme will have any greater effect than earlier phases in shaking manufacturers out of the market. "I honestly don't think there will be any great degree of rationalisation," says Mr. Brian Pitt, managing director of Ford in South Africa, the current market leader. "I go through each of the 12 manufacturers one by one. Who is going to move out? You come to the conclusion—nobody."

Several reasons are advanced for the apparent masochism of manufacturers hanging on to a loss-making market share. In the long term there is the market potential. According to figures produced by Leyland, white car ownership is virtually at saturation point: 3.4 people per car in 1960, 2.69 in 1970, declining to 2.58 by 2000. By contrast there were 6,057 black people per car in 1960, 238 in 1970, and predicted 35 per car by the year 2000. On current population projections, that would mean white ownership would expand from 1.4m to 2.7m cars, while black ownership would increase from 63,000 to 1m, between 1970 and 2000. "We have a non-European population which is fast moving into the car purchasing area," says Mr. Peter Murrough, Leyland managing director. "The growth over the next 10-20 years is going to be enormous."

What has probably been more immediately important in keeping major manufacturers in the market has been the 34 per cent. imported content which parent companies can still sell to their subsidiaries, producing profits for the home company. Leyland exports to South Africa, for example, are worth some R50m a year. Even if the subsidiary is losing money, it may mean profits for the parent.

The imponderable element is pride: national pride, company pride, or simply the managing director's pride. "People don't like pulling out," Mr. Pitt says. In the image-conscious motor industry that seems more important than elsewhere. Moreover, those manufacturers who are talking about mergers seem determined to keep their own models on the road. There are currently 37 different models on the market, according to NAAMSA, compared with 36 in 1974. The pattern which may emerge is therefore not of fewer models, but of fewer and larger car companies.

Against such a background it seems likely that if the Government really does want a more efficiently organised industry, it will have to intervene more forcefully, not less. So far there has been little sign of serious strategic thinking. For example, the local content programme is based on weight, not on the needs of economic strategy: most of the equipment still being imported is high in value and technological content. But strategic requirements could force greater Government intervention. The necessary legislation is already on the statute books, in the form of the National Supplies Procurement Act. All the major manufacturers still insist that they have no intention of pulling out of South Africa. But the UN mandatory arms embargo already has been used to stop U.S. motor companies from supplying vehicles to the army and police. If sanctions were tightened to prevent the supply of spare parts, the Government might well, be forced to step in and organise local production. It could reorganise the industry at the same time.

Demand will boost oil prices

JEDDAH, June 12.

OIL prices should be left to be determined by market forces *which are bound to push them up* shortly, Saudi Oil Minister Ahmed Zaki Yamani was quoted as saying.

Speaking in an interview published here one week before the scheduled opening in Geneva of an OPEC price-fixing conference, Mr. Yamani said Saudi Arabia's price freeze *policies* were based on the continuation of the glut in the oil market and on its wish to protect the world economy.

"Saudi Arabia's demand for a freeze is not only based on the existence of a surplus (in the world oil market) but also on its fervent wish to protect the world *economy from a reverse.* This would be very harmful to U.S. since we invest vast amounts of money in Western markets," he told the *Jeddah* newspaper Okaz.

A price increase would also have political repercussions "and we have very clear political interests in the West," Mr. Yamani added.

Japan oil view

THE global oil supply is likely to become short in the latter half of the 1980s following an anticipated recovery of the world economy, the Japanese government's Natural Resources and *Energy Agency said in a survey* report, Reuter reports from Tokyo.

Currently, the non-communist nations are having an oil glut reflecting a low global economic recovery as well as increased oil supply from the North Sea, Alaska and Mexico. But this *appears to be only a temporary* phenomenon, it said.

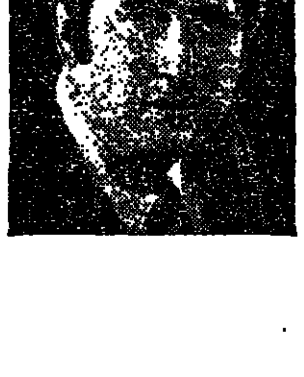
Red army fears

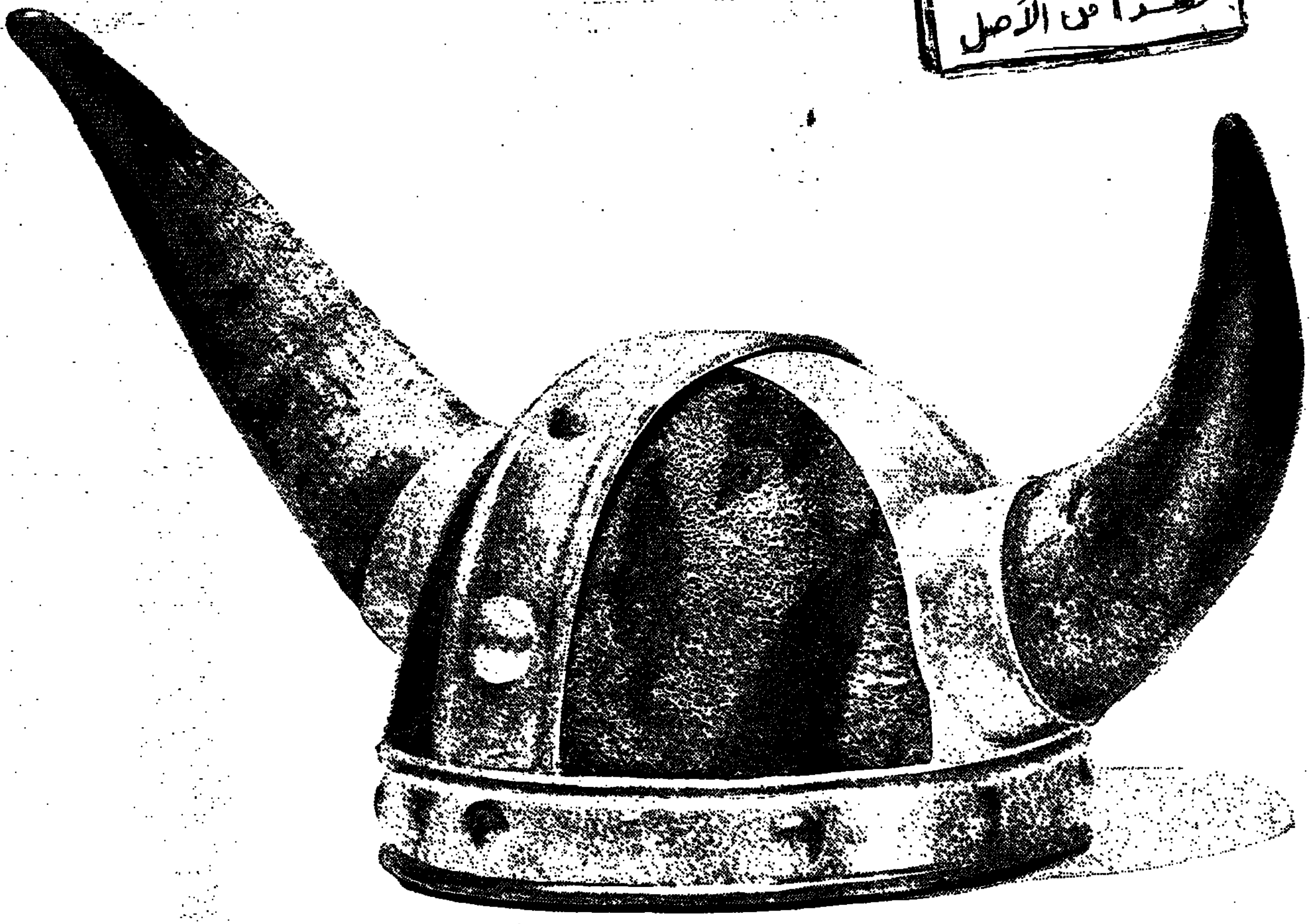
Japanese police agents have gone to Middle East countries to watch out for Japanese Red Army guerrillas who might be planning a hijack, Japanese police said yesterday, Reuter reports.

They declined to say how many agents had moved to the Middle East to check on any hijack preparations by the Red Army, a violent group which supports efforts by radical Japanese to close Tokyo's new airport at Narita.

Zaire executions

Travellers arriving in Kinshasa reported that a firing squad had executed Zaire government soldiers for looting in the Shaba *province mining town of Kolwezi*, reports Reuter. About four or five soldiers were shot for the offence following last month's rebel invasion of the Kolwezi area.





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AMERICAN NEWS

Pentagon reconsiders case for land-based missile

BY DAVID BELL

WASHINGTON, June 12.

DEFENCE planners are beginning to have second thoughts about the new land-based mobile missile which is currently planned to be the key element of the U.S. nuclear deterrent from the middle of the 1980s.

For some years the Pentagon has been working on a new missile known as missile experimental, or M-X, which would replace the ageing Minuteman missiles which are scattered across the great plains in fixed silos. The M-X, by contrast, would be movable and could travel up and down a 30-mile trench in order to evade incoming Soviet weapons.

But according to evidence given in secret to the Senate Armed Services Committee, and obtained by the New York Times, the Defence Department is no longer as enthusiastic about the missile as it once was. Officials are now increasingly worried that a carefully planned Soviet attack might cripple the missile's mobility by knocking out the trenches or the tunnels from which the M-X would emerge.

The Pentagon is also worried by the high cost of the M-X programme, now estimated to be in the region of some $30bn and it anticipates strong objections to the whole concept from environmentalists who are expected to argue that it is unacceptable for a series of trenches to be dug across wilderness areas of the south and mid-west.

However it appears that the Administration has no immediate alternative in mind for the M-X. This will not please many Senators whose current reservations about the wisdom of a new strategic arms agreement have been somewhat assuaged by the existence of the M-X. It has been accepted from the start that no SALT treaty would stand much of a chance in the Senate if the M-X were included in it.

Two weeks ago, Mr. Andrei Gromyko, the Soviet Foreign Minister, called on the Administration to suspend further development of all new missile systems and included the M-X in his list of systems. This, in turn, prompted President Carter to tell the Russians that the U.S. was not prepared to make any more concessions and that the Soviet Union could "take it or leave it." Mr. Carter later angrily denied that this amounted to a "freeze" on the SALT talks.

These new doubts about the M-X, which have been heard privately in some quarters for a few weeks, cannot but confuse the picture. If the Administration is indeed no longer happy with the weapon, there should be much less objection to meeting the Soviet request. On the other hand, opponents of SALT are likely to argue that the new found scepticism about the M-X is designed to please the Russians and advance the treaty and should be treated with great suspicion.

One ingenious alternative to the M-X, now being canvassed in some quarters, is for the Administration to dig many more silos for its Minutemen weapons, but not to tell the Soviet Union which silos contain rockets and which do not. This would be technically easy to accomplish but would present formidable verification problems. There would also be nothing to stop the Russians doing the same with their missile.

In practice, the Pentagon argues that the debate about the land-based missiles is less urgent for the United States than it is for the Soviet Union. About 25 per cent of the U.S. nuclear deterrent is land-based. The rest is at sea or in the air. The Soviet Union has about 75 per cent of its nuclear forces on land.

Multinational companies assessed by Brookings

WASHINGTON, June 12.

MULTINATIONAL INSTITUTIONS contribute modestly to international monetary stability, promote economic development through the injection of new resources into the developing world and in general support a responsible foreign policy, a study published by Brookings Institution said.

But the study found that foreign investment appears to increase the companies' market power within the U.S. The study, prepared by Mr. C. Fred Bergsten, Mr. Thomas Horst and Mr. Theodore Moran while they were at Brookings, before entering the Carter administration, was aimed at providing a basis for U.S. policy towards the multinationals.

The Brookings study said extractive companies with equity investments in natural resources find it difficult to support the national interest of the U.S. as an importing country difficult to maximise output and difficult to diversify geographically.

The study said multinationals confer world economic benefits by shifting the location of production to comparative advantage. But it found tax revenues are lost to the U.S. because companies, within limits, can arbitrarily allocate costs between home and host countries.

The study staid U.S. policy should be neutral towards the multinationals, neither encouraging or discouraging them, although this neutrality should not mean non-involvement.

The authors said the U.S. must provide the proper economic and political environment for the multinationals, and protect U.S. national interests from the adverse impact of other countries' policies.

The study suggested there should be policy initiatives in taxation of foreign income, compensation for works, firms or communities hit by foreign investment, antitrust, insurance and guarantess by the overseas private investment Corp. (OPIC), host-country expropriation and investment in the Soviet Union.

UAE surplus

OIL EXPORTS from the United Arab Emirates last year were worth more than twice as much as imports, even thought imports increased by 28 per cent to $4.3bn on the year.

Oil exports were worth $5.8bn.

Saudi mapping work

Fairey Surveys has been awarded a mapping contract worth £1.23m from Saudi Arabia for the production of 150 different map sheets in 1:50,000 scale covering an area of about 110,000 sq km of the south Shammar region, for the Ministry of Petroleum and Mineral Resources.

California tax cuts will increase federal revenue

BY JUREK MARTIN

WASHINGTON, June 12.

AS GOVERNOR Jerry Brown and the Californian state legislature continue to grapple with the budgetary problems brought on by last week's State-wide vote cutting property taxes, increasing attention is being focussed on the impact it may have on the Federal Government in Washington.

On the surface, the U.S. Treasury appears to have received a windfall. State property taxes may be deducted against federal income tax and the sharp reduction in state levies will therefore mean a commensurate rise in the Federal Government's revenues.

Nobody is quite sure how much will accrue. Governor Brown last week put a figure of $2bn a year on the additional Treasury income. But informed sources here, while acknowledging that no precise calculations have been done, suspect that the sum could be three or four times this amount.

However, though this appears to be a useful boost towards the goal of reducing the federal budget deficit, it has to be set against the fact that hard-up local authorities may increasingly turn to the federal government for help.

For example, the federal government currently supplies the State of California with over $4bn in the form of grants-in-aid which require the State to put up matching funds. These cover a variety of social, medical, law enforcement, and highway programmes. In addition, the federal government is liable for some of the unemployment insurance claims for Government workers laid off work because of lack of State revenues.

If local authorities cannot match federal aid, then the choice lies between reducing the assorted programmes or Washington taking a greater share of the load. This may well have the effect of cancelling out the original addition to the Treasury's revenues as a result of the reduction in local property taxes.

In his first direct public comments on the Californian vote, President Carter said in an interview released over the weekend that he hoped the tax cuts would persuade Congress to support his own tax cutting and spending limitation proposals.

But he reflected the underlying concern at the federal level by adding that while the vote "was a very good thing for property owners who are economically able to take care of their own needs," less fortunate members of society more dependent on government services could well suffer. He said he would have been "concerned" had a similar initiative passed while he had been Governor of Georgia.

Of some consolation to the federal government is the fact that so far no other state appears to follow California's example.

Castro statement on Zaire weakens Carter's position

BY OUR OWN CORRESPONDENT

WASHINGTON, June 12.

THE CARTER Administration's case that Cuban forces actively assisted the Katangan troops who invaded Zaire last month has not been helped by the disclosure this weekend that President Fidel Castro, the Cuban leader, told the White House early in May that he had tried to stop the invasion.

His message was relayed to the President by Mr. Lyles Lane, the chief U.S. diplomat in Havana on May 17. The Cuban leader told Mr. Lane that he had tried to reach President Agostinho Neto, the Angolan leader, to ask him to halt the invasion, but that he had not succeeded perhaps because Mr. Neto had been ill in Moscow and out of Angola just before the attack.

A week after President Castro's message, President Carter told a news conference that "we believe that Cuba had known of the Katangan plan to invade Shaba province and obviously did nothing to restrain them from crossing the border."

As far as it went, this statement was correct, but a number of Senators, already sceptical about the Administration's evidence for Cuban involvement in Shaba, took strong exception to the fact that they had not been told of Mr. Castro's message.

Further, a briefing for members of the Senate Foreign Relations Committee on Friday by Admiral Stansfield Turner, the director of the CIA, failed to convince many of them of the extent of Cuban involvement alleged by the Administration. Even Sen. John Sprakman, the conservative chairman, said after the briefing that "the weight of the evidence is circumstantial and the weight is substantial but by no means conclusive."

Sen. George McGovern, the man who has taken the most sceptical view of the "Cuban menace," said on Saturday that the whole question of Cuban involvement had been overblown and that, in any case, "Africa is not fundamental to American interests and . . . we can't do much about it anyway."

The Administration argues that it did not mention President Castro's warning because it did not believe a word of it but did not want to get into the position where it had publicly of semi-publicly to call him a liar. Officials argue that it establishes beyond doubt that the Cuban Government did know that the raid was going to take place and there is at least prima facie evidence for the case that Cuban advisers were involved with the Katangan rebels.

Shadow on Carey's campaign

BY JOHN WYLES

NEW YORK, June 12.

THE start of Governor Hugh Carey of New York's campaign for re-election in November was badly and unexpectedly tarnished this morning by an announcement by his deputy, Lieutenant Governor Mary Anne Krupsak that she would not run for office with the 59 year old Brocklyn politician.

Miss Krupsak's decision, which she foreshadowed some months ago could make the governor's personality an important election issue alongside his support for legalised abortion and his hostility to the re-introduction of capital punishment.

Mr. Carey's preference for isolated decision making and his sometimes abrasive treatment of colleagues had drawn increasing criticism from friends and enemies alike.

Miss Krupsak has complained that she and the governor lack a "shared commitment" and that Mr. Carey has not spent enough time listening to the people.

Miss Krupsak's defection cast something of a shadow over the governor's formal announcement of his candidacy this morning. He is expected to be nominated by the Democratic state convention on Wednesday where he will face a challenge from State Senator Jeremiah Bloom of Brooklyn whose chances, however, of snatching the nomination are nil.

Significantly, in view of the Californian property tax vote last week, Governor Carey sought to establish his cut in taxation as one of his primary achievements. His campaign statement dwelt at length on how 16 years of Republican rule culminating in his 1974 victory had featured a 603 per cent increase in state taxes which he had subsequently sliced by a billion dollars in just two years.

The governor is scheduled to announce his candidacy in a flying tour of four cities today, starting with a declaration at Albany, the state capital, followed by speeches in Buffalo, Syracuse and New York.

His campaign starts with his administration standing in low public regard according to recent opinion polls. But most observers believe that the governor's skill as a campaigner coupled with the tactics of his media consultant, Mr. David Garth, will ultimately make him a hard man to beat. His republican opponent Mr. Perry Duryea, minority leader in the state assembly, looks set to run a classically conservative campaign whose emphasis will be on restoring the death penalty for various categories of murder, and the failure of Governor Carey's administration to achieve true economic regeneration for the state whose economic problems are still dominated by an unemployment rate well above the national average and by the well publicised financial problems of New York City.

WORLD TRADE NEWS

China's problems in clothing the millions

By John Hoffman

PEKING, June 12

CHINA'S Mao-suited millions have made an industry out of low fashion. Almost every man and woman wears identical baggy trousers and a shapeless jacket buttoned to its narrow collar, all made from the dark blue, grey or jungle green fabric extruded by the millions of metres from the country's cotton mills.

Clothes make the man an endless repetition of himself. Class differences in this not-quite-egalitarian society can be discerned only by careful examination of the tailoring, which smartens the garments of the powerful or privileged.

The sartorial sameness of this civilian uniform has its advantages. The Mao suit adapts easily to the rice paddy, the shop counter, the office desk or the banquet table. What to wear is never a problem—much less, one suspects, a consideration.

However, in the first few days of identifiably summer weather, the streets of Peking have undergone a transformation. The people have begun to shed their Mao jackets and display shirts of various colours.

Chinese men do not venture far from the traditional white shirt, with the tail out and the sleeves half rolled, but the women's clothes suggest that their wearers indeed have a sense of fashion. It is much too soon for skirts—the bare female calf does not appear until the weather is oppressively hot—but blouses, shirts and light cotton jackets in pastel colours, checks and floral patterns have materialised like blossoms in the spring.

Children especially stand out in the crowds because they are dressed, usually with great care, in bright yellows, reds and greens. Department store shelves bloom with a garish selection of miniature shirts, trousers and caps—an unexpected revelation of what China's textile industry can produce.

Gone is the inescapable cold weather impression that the Chinese people might actually enjoy the unrelieved uniformity of their drab garb.

But despite this strong evidence that the Chinese enjoy a little frivolity in the wardrobe, the country still regards the supply of sufficient clothing material as a serious problem. Cotton goods are strictly rationed and chemical fibres are scarce and expensive. At a national textile industry conference in Peking recently officials stressed that although people's basic clothing needs were guaranteed, the amount of textiles available per head was still small and the acreage available for new cotton crops limited. Charged with finding answers to China's clothing problem, the conference decided on a vast expansion in the chemical fibre industry.

The growth plan issued by the conference says that there will be a concentration on chemical fabrics so that the value of output will be doubled by 1985. Meanwhile there will be a big increase in textile products for export and the average consumption of textile products per capita will grow by a fairly large margin.

The Chinese Minister of the Textile industry, Chien Chih Kuang, said recently that he hoped that chemical fibres would account for 40 per cent of textile output by 1985.

China is now building several modern chemical fibre factories including the Liaoyang general petrochemical works, the Szechuan vinylon plant and the Tietsin chemical fabrics plant and more factories are planned.

However natural fibres will not be neglected, said Mr. Chien. China will build more cotton textile mills and dyeing and printing plants, although the emphasis will be on increasing production from existing plants.

The Minister also promised help to local authorities in developing their silk, jute and woollen textile industries. Special attention would be given to silk fabrics, always a good seller at home and abroad. Mr. Chien hinted that a touch more gaiety could be expected in the streets in future summers. "We will also increase the production of products traditionally favoured by the people," he said. "We are now able to design and produce more colourful products to meet different tastes."

Swiss drug exports up

Swiss exports of pharmaceuticals rose 32 per cent to SwFr 862m in the first quarter this year from SwFr 654m in the same period a year ago, AP-DJ reports from Basle. The pharmaceuticals exported in the first quarter this year represent 5.6 per cent of total Swiss exports, compared with 6.5 per cent a year earlier.

Iran fruit processing

Technip has been awarded a FFr 12m turnkey contract to set up a fruit-conditioning unit in Iran for the Moghan agro-industrial and livestock company, AP-DJ reports from Paris. Initial capacity of the plant has been set at 10,000 tons a year and constitutes a test bed for the processing, sorting, calibrating and cold storage of a production of more than 200,000 tons expected to be reached in the region by 1985.

London considers free zone area in dockland

BY LYNTON McLAIN

A PLAN to revitalise London docklands with the creation of a 300-acre free trade zone for manufacturing exports will be considered by the Greater London Council on Wednesday.

The scheme is likely to be of interest to British and foreign companies making products with a high duty content. These include tobacco products, food and drink, radios, televisions, cameras, chemicals and electrical machinery.

Companies would be encouraged to process raw materials which would be imported duty-free provided they remained within the zone. Finished products would have to be exported or be subject to normal customs duty.

The GLC said the meeting of the Planning and Communications Policy Committee on Wednesday would mark the start of formal consideration of the plan. There had already been exploratory talks with the Port of London Authority and HM Customs. Full Government and customs approval would be needed, but the GLC said yesterday it did not rule out direct Government involvement.

The plan was prepared by the controller for planning and transportation in the GLC. It asks the Committee to continue the initiative taken so far and for the GLC to provide the staff and funds needed for further detailed planning. Up to £10,000 a year for the next two or three years would be needed, the report said.

Miss Shelagh Roberts, the Committee leader, said last night that the GLC would be looking principally for international companies seeking a European base or those which need the specialist support services that only London could offer. The Committee hoped the government would give its support with industrial development certificates.

The report proposes a phased programme expanding in 50 acre stages to 300 acres by the mid-1980s.

Miss Roberts will discuss the idea in New York at the end of the month when she attends a joint meeting of the World Trade Centres of London and New York. The London centre is a subsidiary of Taylor Woodrow and the report says the committee should await a decision on the company's possible involvement in the free trade zone plan.

Daihatsu enters Dutch market

BY CHARLES BATCHELOR

AMSTERDAM, June 12.

THE JAPANESE car manufacturer Daihatsu has begun expanding to Holland and hopes to attain sales of 6,000 a year or 1 per cent of the Dutch market within two-three years. It estimates sales this year at 1,500.

Daihatsu becomes the seventh Japanese car company in Holland. Japanese cars held 19 per cent of the market with combined sales of 30,558 in the first three months of 1978. Toyota is the largest single Japanese importer selling 8,602 or 5.3 per cent of the market. Other manufacturers selling in Holland are Datsun, Honda, Mazda, Mitsubishi and Subaru.

Daihatsu will start by selling a four door saloon and a five door estate car version of its recently introduced Charmant 1400 model. The drive-away prices are Fls 13,341 ($5,955) and Fl 13,832 respectively, inclusive of tax.

The range will be extended to include the Cuore mini-car, the three-five door Charade and a light van before the end of this year. The cross country vehicle, the Taft, will be introduced later.

Daihatsu, one of the smaller Japanese motor manufacturers which is loosely linked with the Toyota group is now expanding rapidly in Europe. It began by expanding to Switzerland and recently started distribution of its cross country vehicle in Britain. Daihatsu now aims to be selling throughout Europe by the end of the year.

Daihatsu Nederland, which has 64 dealers in Holland, is a fully-owned subsidiary of the Royal Nedlloyd Shipping and Transport Group.

● Philips has received a Skr 55m ($12m) order from a consortium of general and farmers co-operative banks in Sweden for its Bankomat system of terminals and cash dispensers. The order is for 350-400 terminals/cash dispensers of Philips PTS 6000 terminal system. Installation will begin next year and be completed in 1980. The system allows account holders to withdraw cash and check their balance 24 hours a day.

Japan's plant exports dip

THE JAPANESE Construction Ministry says construction orders received from overseas by Japanese construction companies during fiscal 1977 fell 23.1 per cent to Y364.9bn from Y474.6bn in the preceding year, Reuter reports from Tokyo.

The fall followed the yen's appreciation and a decline in plant exports from Japan which usually involved construction works, according to the Ministry.

Orders from the Middle East fell 47.8 per cent to Y162.7bn from Y311.4bn, while those from South East Asia rose 30.2 per cent to Y146.2bn from Y112.3bn.

China in Hong Kong financing

BY ANTHONY ROWLEY

HONG KONG, June 12.

TWO Peking-controlled banks, the Bank of China and Nanyang Commercial Bank, have agreed to provide financial guarantees for a Hong Kong property development which involves the Mass Transit Railway Corporation.

This is the first time that Chinese banks have become involved in an MTRC venture and observers view the development as another sign of China's long-term attitude towards the future of this British colony.

Leases on the Hong Kong New Territories are due to expire in 1997, and although Peking's attitude is that these have no validity, having been signed with the old, imperial government, their expiry in less than 20 years time is a factor which potential investors in Hong Kong have to take into account. Peking has made a number of substantial investments in Hong Kong property in the past, however, which is seen here as a tacit acceptance of the continuation of the status quo beyond 1997.

In the latest such gesture, the two banks will join two Hong Kong companies, Sun Company and Kiu Kwong Investments, in a major commercial and residential development to be built over the MTR depot on the underground railway's Tsun Wan extension.

To be completed by the end of 1983, the HK$ 11.7bn Tsun Wan complex will provide 4,000 flats for 20,000 people and will include a large commercial shopping area. The Peking-controlled banks are providing the financial guarantees required by the MTR, but the value of these guarantees has not been revealed.

In a separate development, the Vietnamese Government has made what is being described as the first Vietnamese long-term investment in the Colony, in a Wanchai office block on Hong Kong Island.

The HK$ 15m, 21-storey Golden Star building is owned by the Vietnam Finance Company, incorporated in Hong Kong this year. Recently, Vietnam's official trade liaison office in Hong Kong was told to vacate its existing offices in the Bank of China building. Bank of China subsequently declared that the move was to make room for a news computer system and did not reflect the rift between China and Vietnam.

Pertamina production accords

JAKARTA, June 12.

INDONESIA'S Pertamina state oil company has signed separate production agreements worth $27.5m with Deminex and Teikoku oil of Japan, Reuter reports from Jakarta. Deminex will develop a 4,285 sq km area in east Kalimantan, and Teikoku Oil will deal with block A in Jambi, central Sumatra.

Both contracts are of the new joint operation type, wherein costs for exploration, development and production, as well as output are shared equally by Pertamina and the contractor. After a 50-50 cost split, standard production sharing contract terms apply, giving Indonesia an 85 per cent share.

Under the Teikoku agreement, the contractor will invest a total of $18m in exploration costs during the first four years, while Deminex will make an exploration investment of $9.5m in its first three years of operation.

The signing marked the third and fourth contracts of this kind in less than a year, the first two having been signed by Continental Oil (Conoco) and Total Indonesie for work in Irian Jaya last year.

Reuter

Poles win Nigerian order

By Christopher Bobinski

WARSAW, June 12.

THE POLISH foreign trade company Polimex Cekop says it will supply machinery and equipment, assembly and training services worth $5.5m for a woodworking plant at Ekole in Ondo State, Nigeria.

The contract is with a new company, Nigerian Wood, made up of Polimex Cekop, the Polish trading company Dal and a group of Nigerian businessmen. Construction of the plant will start in "the near future" and it will handle 44,000 cu m of wood annually.

Ruhrgas signs supply agreements with Sweden

BY ADRIAN DICKS

BONN, June 12.

RUHRGAS, West Germany's biggest natural gas distributor, has completed a series of agreements with the Swedish utility, Swedegas, for the long-term supply of 1.2bn cubic metres a year of natural gas to the Malmoe region.

The supply agreement was signed last month and the companies have now set up a joint operating company called Nordgat to build a pipeline from the North Sea coastal terminal at Emden, to the West German-Danish border.

The pipeline, whose final route has yet to be fixed, is expected to be about 350 kms long and will cost the consortium DM 400m. It will join Scandinavia for the first time to the Ruhrgas grid of natural gas pipelines, and thus to the growing West European network.

Deliveries to Swedegas are to begin in 1981 and will be stepped up over three years to the full rate of 1.2bn cubic metres a year. Ruhrgas is unwilling to set a figure on the value of the contract, since it will be determined by the ruling natural gas price when deliveries begin.

According to the West German company, the natural gas supplied to Swedegas will be derived from several different sources. Ruhrgas has for several years been diversifying its sources of supply, and these now include long-term contracts for deliveries of natural gas from Iran, the Soviet Union, Algeria and the Norwegian North Sea.

Bombay high pipe complete

BY K. K. SHARMA

NEW DELHI, June 12.

THE 203 kilometre dual pipeline from the Bombay High offshore oilfield to transport crude oil and natural gas to the shore has been commissioned successfully only six months after construction began. The U.S. company, Brown and Root, with the the assistance of the World Bank, which gave a loan of $150m., was responsible for construction of the pipeline.

Bombay High is producing 5m tonnes of crude oil annually. This is expected to reach 8m. tonnes by the end of this year and 10m. tonnes by 1980. Until the pipelines were commissioned, the crude was being stored in a large tanker and being transported ashore in smaller tankers.

The main saving will be in natural gas which is to be used for fuel in power stations and as feedstock for fertiliser and petrochemicals plants in the Bombay area.

● The Government-owned Bharat Heavy Electricals Company (BHEL) has launched an expansion programme which aims at doubling its turnover to Rs11bn (about £650m) within five years. This will make the company one of the largest electrical equipment manufacturers in the world. BHEL has already established an international reputation for itself by winning a number of turnkey contracts for power generation projects in the Middle East and Malaysia. It is one of the main suppliers of equipment for India's projects for rapidly increasing power generation capacity since electricity shortage is a major constraint on industrial production.

The expansion and modernisation programme is being launched in collaboration with KWU Germany, a Seimans subsidiary. Investment for the programme is estimated at just Rs2.5bn which means that turnover will double this amount every year in the next five years.

BHEL needs to modernise mainly because its plant at Hardwar in Uttar Pradesh state was established with Soviet assistance nearly a decade ago with a rated capacity of seven to eight turbosets of 200 MW each.

Equipment in the plant is now obsolete and needs to be modernised to enable BHEL to operate competitively both abroad and in India where a number of power generation projects are being financed by the World Bank and hence are open to global tenders.

The company is negotiating other technical collaboration agreements with Seimens for electrical equipment and with Combustion Engineering of the U.S. for boilers.

Saudis ban another 91 companies

RIYADH, June 12.

SAUDI ARABIA has banned dealing with 91 companies from 16 countries for contravening the Arab boycott of Israel regulations, writes our correspondent.

A decree by the Ministry of Commerce which listed the companies was published in the official gazette. The decree also reminded businessmen that the ban on dealings with Israeli-owned ships is not automatically lifted if these ships are sold to third parties.

It also added the names of 32 ships from nine countries to the boycott list.

Arab-U.S. flight service

By Rami G. Khouri

AMMAN, June 12.

EFFORTS to establish more direct flights between various Arab capitals and New York City are now being directed at receiving American permisssion for the Lebanese and Kuwaiti national airlines to join the Jordanian and Syrian carriers in expanding the existing nine Amman-New York twice-weekly service.

Senior officials of the Jordanian State airline Alia have told the Financial Times that the Arab air carriers' organisation has decided to send a two-man delegation to Washington next month to seek approval from the American Civil Aviation Board for Kuwait Airways and Middle East Airlines to join the consortium which now includes Alia and Syrian Arab Airways. The aim is to increase the Amman-New York non-stop service, using Boeing 747 Jumbo jets, to four times a week, with Middle East Airways and Kuwait Airways routing their own planes through Amman before making the flight to New York.

The two-man delegation will be composed of the Alia chairman and the secretary-general of the Arab air carriers' organisation.

It is hoped that this expansion of the Jordanian-Syrian consortium into a four-nation Arab operation will be followed by further expansion bringing the Saudi Arabian airline and Gulf Air into the scheme, Alia officials say.

They add that a similar arrangement may be attempted with Alia's recently acquired rights to fly into South America via West Africa, a route which is now receiving top priority since Alia's requests to obtain rights to extend its New York service to San Francisco have been turned down.

State backing for Danish shipyard orders

By Hilary Barnes

COPENHAGEN, June 12.

THE DANISH Government has agreed to provide a state guarantee worth DKr 185m (£18m) to cover an order from the Sudan for two ships from the Burmeister and Wain shipyard in Copenhagen. The Government will also provide DKr20m in the form of a grant to the Sudan to cover part of the price of the vessels. This limits the shipyards risk to ten per cent of the purchase price.

The craft on order are two so-called multiflex ships of about 12,500 dwt each. The Government decision breaks new ground, because the credit guarantee was given after the Export Credit Guarantee Department had refused a guarantee. The Danish Government has not previously provided this kind of assistance to Danish shipyards, but Minister of Commerce, Ivar Noergaard, said that if other shipyards came to the Government with similar requests these would be duly considered.

Germans to clear Suez

THE HAMBURG Salvage Company Neptun Bergungsgesellschaft has been contracted by the Egyptian Government to clear the two Suez Canal entrances of all remaining wrecks, report AP-DJ from Hamburg.

A spokesman for Neptun, a subsidiary of the Swedish Brostrom group, said the contract, which it shares with Bugsier Reederei of Hamburg was worth more than $1.8m, and involved clearing all sunken wrecks left over from the October 1973 Middle East War in the Suez and Port Said approaches to the Canal.

Itoh wins contract

ITOH and Japan Radio have won a Y2.2bn contract to supply the Venezuelan Ministry of Transport and Communications with two coastal radio station systems, reports AP-DJ from Tokyo. One of the systems is made up of 12 long-distance communications stations, 30 substations, 36 mobile offshore stations and 83 mobile land stations, and should be complete by April 1979. The other is composed of nine unmanned stations to be built on the summits of mountains across the coast by October 1979.

Hovermarine order

THE CITY of Tacoma, in the U.S. state of Washington, has ordered two high-speed rigid side-skirt hovercraft from Hovermarine of Southampton, to be used as multi-purpose harbour patrol vessels, and which will also carry sophisticated fire fighting equipment. The order is worth over £1.3m, which brings the value of Hovermarine's export orders over the past month to more than £8m. The Tacoma order is based on a new 70 ft Hovermarine design, and for this particular requirement, will need a crew of only two, with all fire-fighting equipment controlled remotely.

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HOME NEWS

Littlewoods plans £20m expansion

BY OUR CONSUMER AFFAIRS CORRESPONDENT

Littlewoods, Britain's largest privately-owned retailer, yesterday took the unusual step of announcing its investment plans for the year.

It is to spend more than £20m next year on building four new stores and expanding five others. The development programme will produce about 1,600 new jobs.

In real terms, the budget is about the same as in the last few years.

Littlewoods, which now operates 106 stores and had a turnover through its chain-stores of £219m in 1976, has been opening new branches at the rate of about four a year since 1970.

What is unusual is that the company, traditionally one of Britain's most private private companies, announced its plans to outsiders.

This marks a further step in the company's policy of being more open, which began two years ago when Littlewoods first publicised its trading results.

The new stores are to be built at Paisley, Poole, Dorset, Hanley, Staffordshire, and Manchester. The last will replace an existing store in Manchester.

Stores to be extended substantially include those at Oldham, Aberdeen, Cardiff and Newcastle.

Electricity industry expects big price increases

By Roy Hodson

THE PRICE of electricity is expected to rise faster than the general level of inflation in Britain during the next few *years.*

The Central Electricity Generating Board has identified a series of reasons why electricity will become dearer between now and the mid 1980s. They include:

- Government intervention in the choice of fuel for electricity generation.
- The rapidly rising cost of power stations.
- *Problems* being experienced by contractors on large construction sites in Britain.
- Soaring fossil fuel costs.

The analysis is contained in the new corporate plan for the Board up to the 1990s which will be published shortly.

The Board is concerned that Government intervention in the day-to-day running of the power *supply* industry will deny the electricity authorities the commercial freedom they have traditionally enjoyed to choose the cheapest fuels and systems for power generation.

The proposed Bill for the reorganisation of the power industry, put forward recently by Mr. Anthony Wedgwood Benn, the Energy Secretary, and withdrawn from the Parliamentary calendar because the Liberals refused to support it, includes powers for the Minister to direct the industry as he thinks fit.

The issue is at present being *hotly debated at a series of hearings* of the all-Party Commons Select Committee on Nationalised Industries which is inquiring into the electricity supply industry.

Interest costs

Power station building costs have risen so rapidly that the board foresees the interest costs on partially-completed stations becoming a much more significant portion of the average consumer's electricity bills.

The power station ordering *programme will now include* at least one major new power station each year. Many will be nuclear stations, costing £600m each at present-day prices.

In the long-run the board claims nuclear power is by far the cheapest as the stations cost very little to run after being built, in contrast with the high cost of supplying conventional stations with coal or oil fuel.

But delays in building the nuclear stations are having a disastrous effect upon the board's finances which is being reflected in rising electricity *charges.*

The generating Board's corporate plan is also sharply critical by implication of the National Coal Board's £10bn expansion plan which is backed by the Government.

The electricity leaders believe that the National Coal Board will fall short of target by as much as 60m tonnes of coal a year by the year 2000 because the mines will fail to meet productivity targets.

The coal "Plan to 2000" calls for output to be expanded to some 170m tonnes a year.

The generating authorities would be required to absorb much of that additional output—nearly 70m tonnes a year more than present levels of British coal usage.

The generating Board view is that coal and oil prices in Britain will become steadily less competitive compared with nuclear power.

Engineers' council seeks to keep licensing rights

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

LICENSING OF professional engineers should remain the responsibility of the Council of Engineering Institutions, it was said in evidence to Sir Monty Finniston's committee of inquiry.

However, the Government could monitor such a system by appointing one or two lay members to each section of the council's *engineers'* registration board, the council added.

The council's suggestion contrasts sharply with the evidence of one of its main member institutions, the Institution of Electrical Engineers, which wants statutory registration administered by a publicly accountable body created by Parliament.

But, it says in its evidence, that statutory *registration* divorced from the council would become costly and bureaucratic while providing little advantage.

Recognition of the registration *board would* be "likely to lead to raised standards and additional qualifications among engineers" and "would also go some way to clarifying in the mind of the public the distinction between qualified *professional* engineers and technicians and non-qualified manual workers."

The council says that academic qualifications alone are not enough to make a good, all-round engineer. "One of the prime requirements is practical ability—in management, leadership, *work planning,* problem-solving and motivating a workforce. This can only be gained from experience on the shop-floor."

It calls for manufacturing industry to provide more training places for embryo engineers and, at the same time, plan and monitor the practical training and experience being gained.

Unaware

In the past an "overabundance of graduate engineers has resulted in them being used ineffectively, leading to disillusionment on the part *of employer and* employee.

"Manufacturing industry's general unawareness of the grades of engineers available to it and the level *of* performance which could reasonably be expected of each grade has also been a contributory factor to disappointment and bad performance."

Industry should set its own targets for the supply of graduate engineers in conjuction with universities and polytechnics.

BAT now to launch plain cigarette

BY OUR CONSUMER AFFAIRS CORRESPONDENT

BAT INDUSTRIES, which in the spring shook the British cigarette market with launch of the cut-price, king-size brand State Express 555, is now to use the State Express name on a new plain cigarette.

The new brand, 555 Selected Virginia, will sell at 55p for 20. This is about the same price as other plain cigarettes with a middle-tar content.

Because the brand has a *medium tar yield rather than a* high yield it will not be subject to the new selective health tax which will add 7p to the price of a packet of 20 plain cigarettes with a high yield.

This will mean that in the autumn it will have a price advantage over some of the established leading brands.

The share of the cigarette market taken by plain brands has fallen steeply since the war. Today, it accounts for about 9 per cent of total sales.

BAT Industries said yesterday that 555 Selected Virginia was being introduced into a "static but still large sector of the market."

Many smokers would be reluctant to switch to a filter brand although they might wish *to smoke a lower-tar cigarette.*

The launch is far smaller than that for State Express 555, which is costing about £5m. But in line with its policy of investing heavily in trade promotions for new brands, BAT Industries will be offering the trade profit incentives in addition to normal margins.

Opencast mining scheme curbed by protesters

BY OUR OWN CORRESPONDENT

CONSERVATIONISTS won a victory yesterday in their campaign against the National Coal Board's recently announced 10-year *opencast mining programme* for Northumberland.

The county council's planning committee decided to ask the Board to restrict coal extraction *to* 20m tons, 10m tons less than planned.

The decision came after widespread protests from conservation groups and the National Farmers' Union, which complained that the programme would spoil land needed for agriculture.

Col. Jim Small, the committee chairman, said: "The *decision* has been *very much influenced* by public opinion and we must stand firm.

"*We believe that 20m tons is* a very fair share towards the national economy while at the same time safeguarding the interests of Northumberland."

£30m. South Wales coal loss

BY JOHN LLOYD

THE NATIONAL Coal Board's South Wales area is expected to make a further loss of more than £30m in the present financial year. This *news comes* after last month's report that the deficit for the past year was also about £30m, more than twice the 1976-1977 figure.

Last year's loss has meant that the *£100m plan to develop* a colliery at Margam, near Port Talbot, has been postponed. The projections for this year mean that the postponement will be lengthy, possibly several years.

Mr. Philip Weekes, South Wales Coal Board director, said last week that he hoped the area would break even in about five years. However, he could not go "cap in hand" to London to ask *for a £100m investment* while the figures were so bad.

His decision has brought a strong protest from Mr. Emlyn Williams, president of the South Wales National Union of Mineworkers, *who said Margam* would have provided jobs for up to 850 miners.

Mr. Weekes said that the productivity scheme negotiated between the Coal Board and the miners at the end of last year was *not* yet self-financing, and it had made only a marginal improvement on the area's productivity, which was the lowest in the country. The Welsh miners had been extremely dubious about its merits before it was introduced, and many remained so.

Disputes

The area has also suffered from two labour disputes in recent months. Industrial action by clerical workers delayed payments of the bonus money, and meant that the scheme's financial rewards were kept from the miners for some time.

At the new Betwys anthracite drift mine, near Ammanford, an overtime ban by miners has meant that production is less than half the amount forecast. Talks this week between the miners union and the Coal Board may result in an agreement to work the first face at Betwys this month.

Extensive cuts in the capital equipment orders have *been* made by the Coal Board in an effort to reduce the losses. The problem remains, however, that there are a large number of 19th century pits with difficult, faulted seams and a low productivity rate.

Mr. Weeks said the main task was to agree a programme of closures, and to continue to raise productivity in the remaining pits.

"There are some pits which will never make a profit but which we will not close because of the quality of coal they produce. We cannot simply take into *consideration profits* produced by the individual pits."

هكذا من الأصل

The 1979 Financial Times diary shows a number of improvements over the 1978 Financial Times diary.

Firstly, design.

We commissioned James Shurmer, who has produced work for the National Gallery, to completely revise the interior styling.

He provided us with a nicely understated thin-line treatment of the main diary, together with a matching design for the information sections.

Secondly, it occurred to us that there were insufficient months in the year.

Hence the 1979 FT diary starts on November 27th, 1978, and finishes on February 3rd, 1980.

So you can slip into 1979 whenever it suits you.

We've also extended the business information section. It gives a comprehensive list of useful information sources in thirty countries of the world.

You can trace anything from a Belgian consumers' association to a Polish translation agency.

On the subject of translation, the diary also contains a French and German business vocabulary covering everything from 'cash' to 'collateral'.

It could help make letters from abroad a lot easier to understand.

Next, we thought we'd put an end to writer's cramp.

To save you having to copy out hundreds of addresses and telephone numbers at the end of each year, we've incorporated a detachable address booklet.

Now, on the assumption that you do a fair bit of travelling, we've listed the passport, visa and vaccination requirements of all major countries, along with world time-zones and air-travel distances. There is also a superb 48-page colour atlas.

Statistics, we thought, were vital.

In the 1979 FT diary you'll find an 18 page section containing analysis charts, monthly expense sheets, weights and measures, metric conversion tables, both metric and imperial graphs, and international clothing sizes.

Finally, we decided that no-one wants a marker-ribbon that falls to bits, so we've attached a non-fraying marker ribbon.

In addition to the desk diary, there's a slim pocket diary and wallet, in black leather, with strengthened corners and real gold lettering.

It contains a colour map of the City of London, tube and inter-city maps, a list of recommended hotels and restaurants, information on road, rail and air travel in Europe, calendars, world time zones and metric conversion tables.

We've also designed an attractive matching address book.

If required, the desk diary, pocket diary and address book can all be gold-blocked with either your initials or company name and logo.

So you can give either yourself, your staff or your best clients a personalised gift.

Which will add a very nice perspective to any desk top.

FT1

To: Geoffrey Phillips. The Diary Manager,
Business Publishing Division. Financial Times Limited.
Minster House, Arthur St., London EC4R 9AX. Tel: 01-623 1211.

Please send me your brochure and order form.

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FINANCIAL TIMES DIARY.

Code of recruitment practice—official

BY MICHAEL DIXON

ALONGSIDE, at last, is the final *form of the code of good recruitment practice* which was suggested by the Jobs Column 14 months ago, and is now as good as officially adopted by the Institute of Personnel Management. It is a proud day, is this . . . but let's not procrastinate. Go and read the code, please, then come back here and I'll be waiting for you.

THE CODE sets out what the Institute believes represents current good practice. Organisations who observe the code will do so to promote good relations between themselves and the people who apply for jobs they offer.

RECRUITERS' OBLIGATIONS

1—Job advertisements will state clearly the form of reply desired (for example, curriculum vitae, completed application form) and any preference for hand-written applications.

2—An acknowledgement or reply will be made promptly to each applicant. Where consultants are acting mainly as forwarding agents for companies, the parties will agree who will acknowledge applications.

3—Candidates will be informed of the progress of the selection procedure, what this will be, the time likely to be involved, and the policy regarding expenses.

4—Detailed personal information (for example, religion, medical history, place of birth, family background, etc.) will not be called for unless and until it is relevant to the selection process.

5—Recruiters will not take up any reference without the candidate's specific approval.

6—Applications will be treated as confidential.

APPLICANTS' OBLIGATIONS

1—Advertisements will be answered in the way requested (for example, telephone for application form, provide brief relevant details, send curriculum vitae, etc.).

2—Appointments and other arrangements will be kept, or the recruiter be informed promptly if the candidate discovers an agreed meeting cannot take place.

3—The recruiter will be informed as soon as a candidate decides not to proceed with the application.

4—Only accurate information will be given in applications and in reply to recruiters' questions.

5—Information given by a prospective employer will be treated as confidential, if so requested.

Now, no *doubt* a number of regular readers will be exasperated to find that the code does not include points which they sent in as possible additions. Please be assured that all suggestions were carefully considered, but that most had in the end to be omitted in the interests either of keeping the code brief, or of making it fundamental enough to govern the peculiar needs of public-service as well as business organisations.

For instance, several readers indignantly called for a ban on organisations' advertising externally when they already know full well that the job concerned will be filled by one of their existing staff.

The institute is aware that this furtive, camouflaged feather-bedding wastes a lot of job-hunters' time and a lot of money, often at the taxpayers' expense. And so do I. Once I applied for the manager's job at the local Co-op store. When, *after vainly waiting* weeks for a reply I called round to ask what had happened, the staff looked at me as though I was mad. Everybody knew, they said, that such jobs were advertised publicly only because the Co-op's pettifogging rules insisted on it.

But while the thought of that kind of mean-mindedness makes our lips curl, we decided the code's purpose is not so much to try to ban deliberate deviousness, as to clarify basic decencies which are often neglected through either ignorance or harassment. Besides, so long as external advertisements appear in such circumstances, there will remain a slight chance that the jobs-only-for-the-boys clubs will be penetrated by some really capable applicant.

Our contempt for the *camouflaging practice—and also* for would-be consultants who advertise fictitious jobs in the hope of selling the applicants to genuine employers — will nonetheless be expressed in the "Guide to Observance" which the institute plans to publish with the code. So, no doubt, will be our hope that fair-minded employers will take steps to make clear that the jobs they advertise are open to applications from inside, as well as from outside their organisation.

The matter which probably produced most comment while the code was being formulated was the requesting of detailed personal information such as medical histories (Recruiters' obligation, No. 4).

Originally I felt that this information should not be asked for unless the recruiter could first make clear, either by print in the advertisement or by chat in an interview, how the information was relevant to the *real needs of the job.*

But examination revealed that the issue of respecting an *applicant's privacy* is complex, and sometimes so because of legislation intended to protect us. The Commission on Racial Equality, for instance, is advising employers to collect data on the racial origin of all applicants so that, in case of complaint, recruiters might refute charges of prejudice.

To be realistic, therefore, we had to settle for a pledge to refrain from prying into private details "unless and until it is relevant to the selection process." (Again feeling that it was our duty to regulate practice and not prescribe perfection, we decided not to add after "selection process" the clause "which should have at least some relevance to the job.")

We had to settle for less than the ideal, too, in dealing with references (Recruiters' obligation No. 5).

Like myself, the institute seems to believe that recruiters ought to have the professional guts to form a judgment, and only then seek external references as a check. But it seems that this confidence is lacking in many organisations, especially in the public services, which pusillanimously demand references for study before interviewing the candidate concerned.

Ideally, of course, recruiters who doubt their ability to make up their own minds should transfer to other work in which they might feel competent. But in these days of high unemployment, it may be hard for even public-service officials to find another, less challenging trade.

In the circumstances it seems best to allow such people whatever external opinions they feel necessary to make up their minds for them. So the clause on references guards merely *against blatant abuse.*

But the local authority which refuses to interview any candidate who withholds permission to seek a reference at that stage, should realise that this rule is the sort of gratuitous, dogmatic prodnosery which has brought bureaucracy into disrepute.

Which leaves me room only to pay my thanks and respects to the lovely Ann Redfearn, Bob Fleeman, and Bernard Dixon (no relation) of the Institute of Personnel Management, who have been mainly responsible for making the code of recruitment practice a reality.

COMPUTER LEASING SALESMAN

Standard Chartered Leasing are seeking to recruit an additional leasing salesman.

The new salesman will be given a marketing territory in the U.K. and will be based in London. It is likely that he (or she) will be given additional European responsibility as the job develops.

The job itself is to market leases on IBM 360, 370 and the new 3000 series computer equipment. As SCL is a subsidiary of the Standard Chartered Bank group, the security of SCL is assured.

The successful applicant (male or female) would need a successful sales record, a knowledge of IBM equipment and a knowledge of finance.

An excellent salary with the potential to earn very high commission is offered with excellent fringe benefits and working conditions.

If you are interested in this position, please contact:

John Burke
General Manager
Standard Chartered Leasing Company Limited
79 New Cavendish Street
London, WIM 8AJ.
Tel. No.: 01-580 0302

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Applicants should be in their mid 20s and have a sound British Banking background together with a good knowledge of computerised data processing particularly in relation to the introduction of new systems.

Salary and benefits will be commensurate with the successful candidate's experience.

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10 Moorgate, London EC2P 2AT
Tel: 01-606 4422

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- PREFERRED age around 40. Terms are for negotiation above £15,000 together with international company benefits. Location — London.

Write in complete confidence
to C. A. Riley as adviser to the company.

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and
12 CHARLOTTE SQUARE · EDINBURGH EH2 4DN

Leading international maritime transportation company in Rotterdam is currently expanding its administrative staff and seeks qualified applicants for the following positions:

A. SENIOR FINANCIAL ANALYST

Reporting to the Manager European Financial Analysis and Reporting, he will be responsible for the review, approval, assembly and input of accounting entries; analysis of financial accounts and cost reports, providing a continuing analysis of financial account activity, the review and assembly of cost and revenue reports, and assist in budget preparation and variance explanation:

* Nationality EEC national, preferably British
* Languages: fluent spoken and written English, another language would be desirable
* Age around 35
* A recognised accounting qualification, or a university graduate with financial management experience
* Two to five years' analytical/accounting experience preferably in an international environment
* Moderate travel and willing to consider later relocation
* Proven management skills and problem-solving ability

B. FINANCIAL ANALYST

Reporting to the Manager European Financial Analysis and Reporting; working under the direction of a Senior Financial Analyst; performing essentially the same function as listed in position A, in less complex areas.

The profile is similar to position A, except that age should be around 30 and only one to three years' relevant experience.

In addition to technical competence, candidates should be dynamic, but diplomatic, ambitious and willing to play an active "hands-on" role. There are excellent prospects for advancement.

The salary will match experience and achievement.

If you are interested in either of these posts, please send your résumé with salary requirements to:

Ref. FT 01
William Greenway, Partner
WHINNEY MURRAY ERNST & ERNST
Avenue Louise 523 Bte 30
B-1050 Brussels, Belgium

Company Secretary

A well established international group in civil engineering requires a qualified company secretary. The appointment will be in the Midlands. Applicants of either sex should be in the age range 30-40. Experience in computers would be desirable but not essential. The successful applicant would be responsible for the normal duties of company secretary, legal advice and participation in commercial negotiations. The salary is negotiable and includes generous fringe benefits.

Please write in confidence with full personal and career details to Box A.6383, Financial Times, 10, Cannon Street, EC4P 4BY.

GROUP SALES DIRECTOR

To join S.E.-based private group operating in export/government packaging and freight forwarding. Annual turnover approaching £2m. Nett profits in excess of £100,000. Salary £9,000 per annum, plus car. Profit participation. Equity available. Successful candidate should be able to introduce business from day one and stimulate those with whom he/she works.

Write Box A.6377, Financial Times, 10, Cannon Street, EC4P 4BY.

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We are seeking to appoint

BUSINESS DEVELOPMENT/CREDIT OFFICERS

to assist in the expansion of our Marketing Programme.

The successful applicants will be responsible for promoting a comprehensive range of financial and banking services to Commerce, Industry and other Banks, and we wish to fill positions in London, Birmingham, Manchester and Edinburgh.

The openings offer excellent opportunities for advancement both within the U.K. and Overseas.

Applicants will ideally be in their 30's and have had at least ten years' banking experience, preferably domestic and international to include Documentary Credits, Foreign Exchange, Lending and Marketing.

Salary will be commensurate with experience to which will be added excellent fringe benefits.

Please apply in writing, giving brief details of career to date to:

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52/60 Cannon Street, London EC4P 4EY.

UNIVERSITY OF BATH
SCHOOL OF MANAGEMENT

Applications are invited for a
LECTURESHIP IN ACCOUNTING

tenable from 1st January 1979. It is hoped to appoint someone with an interest in Management Accounting Control but persons with other main interests will be considered. A professional qualification is not essential.

Salary in the range £[illegible]-£7306. Further particulars and application forms may be obtained from the Personnel Officer, University of Bath, Bath BA2 7AY, quoting reference 78/119FT.

Closing date for applications 3rd July 1978.

£7000?
£10,000?
£14,000?
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Opportunities now exist for 3 people at a new West End office.

If you are aged between 22 and 54, are sales orientated and have a proven record of success in your previous career, telephone Tony Boys on 01-734 4658 or write to him at Hill Samuel Unit Life Services Ltd., 35 Soho Square, London W1V 5DG.

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We are seeking additional Institutional Fixed Interest Salesmen/Women with proven and established records to expand this side of our business.

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— electronically distributed information services
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— data-base services
— computer/communications
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The successful candidate, who would report directly to the Managing Director, is likely to be in his or her thirties with a degree from a British or foreign university or business school. There are good prospects for later selection to a board appointment.

Please apply in writing giving full details of your career to date, to:

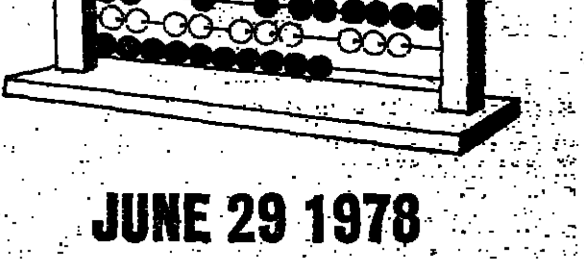
Mr. B. Botten, Managing Director,
FINTEL LIMITED,
1, Pudding Lane, London, EC3R 8AA.

YOUNG QUALIFIED ACCOUNTANT

Required by a U.K. based Knitwear Company with overseas operations, for position as Assistant to the Company's Group Accountant. Will be required to assume varied responsibilities within the Accounts Department based at Sanderstead, Surrey, reporting to both the Group Accountant and the Board of Directors. A salary in the region of £6,000 p.a. will be offered to the successful applicant. Please apply confidentially in writing to the Financial Director of:

MARY FARRIN LIMITED
at Westgate House,
Chalk Lane,
Epsom,
Surrey, KT18 7AJ

ACCOUNTANCY



JUNE 29 1978

The Financial Times is proposing to publish a Survey on Accountancy on Thursday June 29 1978.

The main headings of the provisional editorial synopsis are set out below.

INTRODUCTION
THE STATE OF THE PROFESSION
INFLATION ACCOUNTING
ACCOUNTING STANDARDS
THE NEW AUDITING STANDARDS
THE NEW EEC DIRECTIVES
THE REGULATION PROBLEM
EDUCATION + TRAINING

For further information on the editorial content and details of advertising rates please contact

Mike Hills, Financial Times, Bracken House,
10, Cannon Street, London EC4P 4BY
Tel: 01-248 4864 or 01-248 8000

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

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COMPANY NOTICES

RAND MINES, LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

DIVIDEND DECLARATION

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that dividend No. 65 of 33 cents per share has been declared in South African currency payable to members registered in the books of the company at the close of business on 30th June, 1978. The register of members will be closed from 1st to 9th July, 1978, inclusive, and dividend warrants will be posted on or about 3rd August, 1978.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment of the dividend from the office of the London Secretaries will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 1st July, 1978, on which foreign currency dealings are transacted.

Where applicable South African non-resident shareholders' tax of 15% will be deducted from the dividend.

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or the London offices of the company.

DURBAN ROODEPOORT DEEP, LIMITED
EAST RAND PROPRIETARY MINES, LIMITED
} The Boards of directors of these companies have decided not to declare dividends for the half-year ending 30th June, 1978.

By order of the Boards,
D. F. L. WATTS,
Administrative Manager
and Secretary.

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12th June, 1978

PARLIAMENT AND POLITICS

TORIES ASK 'WHO DO YOU THINK YOU ARE KIDDING?'

Hattersley resists assault on inflation rate forecast

BY IVOR OWEN, PARLIAMENTARY STAFF

MR. ROY HATTERSLEY
Challenged to repeat "incredible prediction."

DESPITE A sustained Tory onslaught in the Commons yesterday during which he was accused of making "fraudulent" forecasts, Mr. Roy Hattersley, Prices Secretary, doggedly stood by his prediction that inflation will remain at or about its present level for the rest of this year.

Mrs. Sally Oppenheim, shadow Prices Secretary, led the Opposition attack by maintaining that the fall in the pound since last January, rising raw material prices and interest rates and higher National Insurance contributions were bound to have an effect on inflation by the end of this year.

"We are going to be back in double figure inflation by the second half of next year," she insisted.

With a roar of support from the Tory benches, Mrs. Oppenheim asked: "Who do you and the Prime Minister think you are kidding when you repeat your fraudulent inflation forecasts?

"Do you think the people of this country have forgotten this Government's lies about the rate of inflation before the last election and that the same people are going to be fooled by this kind of electoral deception again?"

Mrs. Oppenheim challenged the Minister to repeat his "incredible prediction" that inflation would be even lower next year.

Amid Labour cheers, Mr. Hattersley retorted that the British people were unlikely to be impressed by Mrs. Oppenheim's "vulgar stridency." Over the last 18 months, the level of inflation had been brought down from over 26 per cent to under 8 per cent.

It had been made clear, said Mr. Hattersley, that the rate of inflation next year was something for the British people themselves to decide. Given a moderate wage round, inflation would remain under control.

Mrs. Oppenheim and the Conservative Party could make a contribution by telling the British people whether they wanted a moderate wage round next year.

Earlier, Mr. Hattersley accused Tory MPs of hoping for an increase in the inflation rate. "They want to obtain narrow party advantage out of national deterioration. The Government does not propose to allow that to happen."

Mr. David Hunt (C., Wirral) endorsed the view of Mr. Alan Fisher, general secretary of the National Union of Public Employees, that Mr. Hattersley's inflation forecasts were no more than "kite flying" before the general election.

He called for the withdrawal of the forecasts and a promise from the Minister to face up to the reality of continuing price increases exemplified by last week's 1½ per cent increase in the mortgage rate, later estimated to add about 1/3rd of 1 per cent to the retail price index for as long as it remains in operation.

But Mr. Hattersley continued to adhere to his forecasts and claimed that more gloomy ones made by two bodies—the London Business School and the National Institute — had already been proved wrong. One had been wrong even before it was published.

He asserted that even the figure for April, always a month of "uncharacteristic price increases," had been very good and confirmed his prognosis. The rise of 1.5 per cent in the RPI was the largest since April, 1977, but the smallest April rise for six years.

Mr. Hattersley stressed that the most important consideration was the current trend. He believed that the rate of inflation would remain at about the present level from now and through into 1979.

The Government wanted to build on the achievements that had been made so that the inflation cycle was broken and beaten down to the level of our industrial competitors.

Mr. Hattersley reminded Tory MPs who blamed the Government for the fact that the RPI had increased by 91.3 per cent since February, 1974, that informed observers were in agreement that inflation began with the "Barber printing boom."

He agreed with **Mr. Gwylim Roberts** (Lab. Cannock) that there was prospect over the next two or three months of some small improvement in the rate of inflation.

Hint of tax concessions

A HINT OF more measures to help small business was given by **Mr. Harold Lever**, Chancellor of the Duchy of Lancaster, in the Commons yesterday.

Mr. Lever told MPs: "You can rest assured that the Chancellor of the Exchequer (Mr. Healey) has not come to the end of his consideration of reasonable potential tax concessions for small businesses."

The financial package announced last week would not be "especially burdensome to small businesses," Mr. Lever added.

Rise in food index slows

MR. ROBERT MACLENNAN, Prices Under-Secretary, stated that the retail food index had increased by 99.8 per cent since February 1974. But food prices had increased by only 6.3 per cent between April 1977, and April 1978, the lowest annual rate since June 1970.

He also stated that in the past 12 months the wholesale price index for the inputs to manufacturing industry had fallen from 348.1 in May, 1977, to 341.8 in May, 1978.

Removal of Royal Warrant would help anti-smoking campaign—MP

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CALL for much stronger measures to reduce cigarette smoking was made in the Commons yesterday by Mrs. Renee Short, (Lab., Wolverhampton NE) and chairman of a Commons sub-committee which recently reported on preventive medicine.

She said that she had tried to persuade the Prime Minister—so far unsuccessfully—personally to take up with the Queen the possibility of removing the Royal Warrant from cigarette manufacturers.

Mrs. Short made a renewed call to the Government to bring in legislation, similar to that introduced in Norway, to ban all cigarette advertising except at the point of sale. This would mean that advertising could only appear in tobacconist shops.

The House was debating the report on preventive medicine from the Social Services and Employment sub-committee of the Commons Expenditure Committee. The report recommended legislation to limit cigarette advertising to the point of sale, a strict control of sponsorship through sport, a considerable increase in duty in order to reduce smoking, and a stronger health warning on cigarette packets.

Mrs. Short said that she had asked Mr. Callaghan, a non-smoker, to raise the whole question of cigarette advertising and specifically the matter of the Royal Warrant on one of his regular weekly meetings with the Queen.

"It would be a great encouragement to all concerned about serious disease if the Royal Warrant could be withdrawn from these firms," said Mrs. Short. "I hope it will be possible for that to be dealt with."

Mr. Clement Freud (L, Isle of Ely) intervened to suggest that the cigarette package which carried the motto "By appointment to his late Majesty George V" was itself a useful deterrent. Mrs. Short agreed and pointed out that, in fact, four kings had died as a result of smoking-related disease.

The result of the Norwegian legislation to control advertising had been highly encouraging, she said. There had been a considerable reduction in cigarette smoking and this had been maintained.

She recalled that the Government had not accepted the sub-committee's recommendation to limit advertising to the point of sale nor the recommendation that cigarette machines should only be placed where children could not have easy access.

Even more surprising, she said, was the Government's refusal to consider a stronger warning on cigarette packets saying specifically that smoking caused lung cancer and other diseases.

The Government had, however, supported the recommendation for more non-smoking places in public areas and she hoped that British Rail and London Transport would now "eliminate smoking areas altogether."

She said that tobacco companies had spent £15m in 1976 on cigarette advertising, apart from increasing sponsorship of sport. Now the British American Tobacco Company had announced that it intended to spend considerably more on sponsoring sport.

This, Mrs. Short said, was absolutely unacceptable. She told the House that Mr. Denis Howell, Minister of Sport, had given his approval to this move, in contradiction of Mr. David Ennals, Social Services Secretary, who had described sponsorship as "grotesque."

Mrs. Short said that there was now evidence that children were actually beginning smoking in primary schools. Teachers really had to set an example by not smoking.

She agreed with Mr. Patrick Jenkin, Conservative front bench spokesman on social services, who intervened to say that smoking among nurses in hospitals was a matter of even greater concern.

Mr. Freud said: "We seem to feel as a nation that it is natural to smoke and you are a freak if you don't smoke.

"It is an attitude that I object to. I think smokers are notoriously thoughtless."

Smokers he argued, never realised how "desperately unpleasant" it was for non-smokers to go into a polluted atmosphere, especially in cars and in lifts.

"I cannot use the lifts in the House of Commons because there is not one lift that has a no-smoking sign on it."

Call for action on alcoholism

SIR BERNARD BRAINE (C. Essex SE), chairman of the National Council on Alcoholism, said that alcohol abuse played a major role in the general factor of battered wives, child cruelty, death and injury on the roads and accidents at work.

Surprisingly little attention had been paid to alcohol-related acidents at work. "The fact that problem drinkers have three times as many accidents at work as the generality of workers is totally ignored.

"We find that people with drink problems at work have five times the absence due to sickness than the generality of workers."

Sir Bernard called for a code of practice in industry so that employers would encourage workers to seek treatment, while safeguarding jobs.

"The time has come not to treat thi sas a crime, but as a sickness, a condition that cries out for help," he said.

Mr. Gwynfor Evans (Plaid Cymru, Carmarthen) wecomed the growing attention paid to alcohol and nicotine abuse. But there were health dangers in everyday foods, including white bread and white sugar which, he said, had been called "sweet white poison."

"From the point of view of health, the most important shop in the High Street is the greengrocer's." The value of fresh fruit and vegetables should be vigorously promoted.

Bureaux de change complaints for study

BY IVOR OWEN

COMPLAINTS compiled by Mr. Peter Rost (C, Derbyshire SE) about the trading practices of bureaux de change are to be forwarded to the Price Commission by the Government.

He told the Commons yesterday that the British Tourist Authority was most concerned that some bureaux de change were abusing foreign tourists by charging an unreasonable rate of commisssion and offering an unreasonable rate of exchange.

Mr. Rost said it was not surprising that the Department of Prices and Consumer Protection had received no representations about the activities of the bureaux, since mostly foreigners were involved.

But he hoped that the Government would accept some responsibility for protecting Britain's good name.

Mr. John Fraser, Minister of State for Prices and Consumer Protection, paid tribute to the efforts made by Mr. Rost to publicise abuses which he had uncovered. Any information the Tory MP was able to provide would be forwarded to the Price Commission.

Chilean aero-engines request considered

THE GOVERNMENT is still considering a request from Chile for the return of Rolls-Royce aero-engines sent to Britain for overhaul, **Mr. Leslie Huckfield**, Industry Under Secretary, said yesterday.

In a Commons written reply to **Mr. Robert Adley** (C. Christchurch and Lymington), the Minister confirmed that the Chileans had applied for an export licence for the Avon engines. "This application is currently being considered by the departments concerned," he added.

Mr. Adley said that following a court ruling the engines were being held "contrary to contractual obligations, by trade union action."

Revenue accepts two valuable paintings

TWO VALUABLE paintings, "Two Dancers in a Field" by Degas, and Turner's "Thomson's Aeolain Harp" have been accepted by the Inland Revenue in lieu of capital transfer tax.

A Haida oil bowl and a Brazilian wood carving have also been accepted.

The Degas is on loan to the Fitzwilliam Museum, Cambridge, and the Turner has been on loan to the Tate Gallery.

After allowing for estate duty, capital transfer tax and capital gains tax, the National Land Fund has paid out a total of £325,981 for the items in order to make up the amount due to the Inland Revenue.

Of the total paid out by the fund, £87,370 is attributable to the Degas and £238,611 to the Turner, the carving and the oil bowl.

The decision on which museum or gallery will eventually get the objects will be made by Lord Donaldson, Minister for the Arts, after taking advice from the standing commission on Museums and Galleries.

Announcing the acceptance of the various objects, Mr. Denzil Davies, Minister of State at the Treasury, said in a written reply last night that the identity of the owners was confidential.

Price agreed

SOUTHALLS (Birmingham) have given the Government an undertaking not to increase the price of tampons before December 23, 1978 in accordance with the recent recommendation by the Price Commission, **Mr. Robert Maclennan**, Under-Secretary for Prices, said yesterday.

New airport 'a long-term option'

CONSTRUCTION OF another major airport for London is still among long-term policy options, **Lord Winterbottom**, for the Government said in the Lords yesterday.

He was replying to **Lord Boston of Faversham** (Lab), who wanted to know if any studies were being made into the need for a new London airport.

Lord Winterbottom said that a new body was being set up to advise the Government on the "longer-term options" in airport policy.

Events since 1974 had confirmed that the decsion to cancel the Maplin project was correct. But he added: "In the long-term, the construction of a new airport is one of the options that should be considered."

Peer sees risk of 'English backlash'

A TORY PEER warned in the Lords yesterday of a possible "English backlash" after devolution over the extra cash Scots receive from central Government funds.

During the report stage of the Scotland Bill, Conservative spokesman **Lord Strathcona and Mount Royal** proposed—but later withdrew—an amendment which would have forced the Government to spell out the public spending comparison between the countries.

Lord Strathcona said that until now Scots had kept quiet about the fact that more Government money was spent on them than on the average Englishman.

They knew they had been specially favoured owing to their special needs. "But with the coming of the Assembly, it isn't going to be so easily accepted by England as it has been in the past."

Lord Strathcona said that when the Government handed over money to the Assembly it should say how much was being spent per capita on devolved matters in Scotland compared with the same matters in England and Wales.

Lord Leatherland (Lab.) said the Scots were currently getting "in excess of a fair deal." They received more money per head in education, health and social services, roads and transport.

The total figure for spending on these and other services was £946 per head for the Scots and £754 for the English, he claimed.

Lord Kirkhill, Scottish Office Minister of State, said per capita comparisons could be misleading. They took no account of the numbers of schoolchildren or old people, the sparsity of population or the different degrees of deprivation that had to be dealt with.

They suggested unfairness without providing the facts to prove whether they were unfair or not.

Lord Kirkhill said Scotland's share of public expenditure was settled on an asessment of its needs and would continue to be done in this fashion.

Lord Vaizey (Lab) proposed but later withdrew an amendment giving the Assembly power to raise or lower taxes in Scotland by up to 15 per cent.

He said the Lord Chancellor had previously stated that the Government was in principle, in favour of giving tax raising power to the Scottish and Welsh Assemblies, but had not been able to decide how to do so.

Revenue

Lord Wilson of Langside (Lab) said the Bill was a sham if it did not include tax raising powers. This had contributed to some extent to the ever-growing cynicism and unease among the public at the way in which our political affairs were conducted.

Lord Home of the Hirsel (C) said an elected assembly in Scotland could not live indefinitely on money raised by other people.

"The Assembly must be able to raise some revenue for purposes which it judges to be in the national interest of Scotland. Unless the Government can find such a scheme, we are inviting friction," he added.

Conservative spokesman **Earl Ferrers** said that giving the Assembly the power to spend money but not to raise it could lead to confrontation with Westminster who would be blamed for anything the Assembly wished to do but could not afford.

Lord McCluskey, Solicitor-General for Scotland, said there were many organisations and bodies that were not responsible for raising their funds but still spent them responsibly.

The amount that could be raised in Scotland through indirect taxation was "minuscule" and the only way of raising substantial sums would be to raise income-tax.

Lord McCluskey said the Government considered the possibility of Scotland having a different rate of income-tax to the rest of the UK to be incompatible with the concept of economic unity in the country.

The Government would like the Assembly to have the power to raise some money through "limited supplementary taxation." But this matter should be considered after the Assembly had been formed to give it time to come up with some ideas.

Cosmetics rules promised soon

NEW CONSUMER protection regulations on cosmetics are to be introduced shortly, Mr. John Fraser, Minister of State for Consumer Protection, announced in the Commons yesterday.

He said these would have the effect of prohibiting the sale in Britain of eye cosmetics containing lead and its compounds.

He also hoped to make regulations dealing with perambulators, pushchairs and oil lamps before the end of the year.

More cash for church repairs

A TOTAL of 133 grants towards repairing historic churches have been made in the last 10 months, Mr. Peter Shore, Environment Secretary, said in a Commons written reply yesterday.

The cash available for such grants, which were made to churches of outstanding historic or architectural interest, had been increased this year by £400,000 to £750,000.

LABOUR NEWS

Leyland toolmakers walk out in union differentials battle

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND TOOLMAKERS underlined the threat they can pose to the State-owned corporation by calling out more than 2,000 workers for an unofficial one-day stoppage yesterday.

However, the immediate sanctions threatened by a mass meeting of 1,700 workers in Birmingham were directed against their own union, the Amalgamated Union of Engineering Workers, *rather than the company*.

The toolmakers urged colleagues to withhold union subscriptions until the unions national executive supports their aims.

The move is intended to embarrass the engineering union and is directed particularly against Mr. Terry Duffy, president-elect, who advised toolmakers to ignore the unofficial strike call.

Mr. Roy Fraser, the toolmakers' leader, said the protest seemed the only way for skilled men to register their frustration at the way they had been treated by the union.

The toolmakers are demanding *separate negotiating rights* with Leyland, to restore eroded differentials.

The issue was at the centre of the month-long strike that brought the company close to financial collapse last year.

Mr. Fraser insisted that the toolmakers did not seek another confrontation but had "reaffirmed their determination to see that justice would be done."

The mass meeting granted the leadership of the unofficial movement freedom to take whatever action it considered necessary at the time of its choosing.

All-out strike action seems unlikely in the changed climate at Leyland. Workers are conscious that Mr Michael Edwardes, the *new chairman, is not bluffing* when he says the company faces a make-or-break year.

While feelings among toolmakers run high about differentials, they can at least see some attempt by the company to improve the situation in the current negotiations on reform of the pay structure.

The toolmakers voted yesterday to press for another meeting with the company and their *union executive to discuss the* problems of skilled workers. Unless such a gathering is convened, the toolmakers say, they will halt the placing of toolroom work abroad.

Mr. Fraser said this posed an immediate threat to a contract with an Italian company for 1.5m man-hours' work on the proposed new small car to replace the Mini

The toolmakers are demanding a wage *increase* of more than £20 a week to put them *in line* with rates which they claim are being paid elsewhere in the *motor industry*.

● Production of Leyland's Rover saloon was disrupted at Solihull yesterday, following a strike by 80 external drivers protesting about disciplinary action against a colleague. About 1,500 of the *4,000* assembly workers *were laid off* and the company was trying to resolve the dispute.

Roy Fraser: determined to see justice.

Building workers meet over pay offer

By Nick Garnett, Labour Staff

A MEETING of lay delegates representing Transport and General Workers' Union members in the construction industry is being recalled next week to reconsider its rejection of a pay *offer*, affecting *800,000* building workers.

Mr. George Henderson, national secretary for construction, was given sanction yesterday by Mr. Moss Evans, the union's general secretary, to send notices to the regions reconvening the national trade committee on June 19. The national pay agreement for the industry runs out on June 25.

The Union of Construction, Allied Trades and Technicians, the largest union covered by the agreement, has accepted the offer, which is marginally below 10 per cent. At the same time, the majority of the transport union's regions has made it clear it is unwilling to take industrial action.

The union's negotiators hope the delegates who voted narrowly against the offer's acceptance will take the original advice of their national officials and accept the *deal*.

Government rebuked by NALGO chief

By Pauline Clark, Labour Staff

THE GOVERNMENT was accused yesterday of "gross interference" in wage negotiations for local government officers in a sharp rebuke on the eve of the annual conference of the eve of the annual conference of the 710,000-strong National and Local Government Officers *Association in Brighton.*

Mr Jack Bradburn, chairman of the 450,000-member local government officers' group, said that Mr. Peter Shore, Secretary for the Environment, should "get out" of the present wage negotiations.

Mr. Bradburn told a special group delegate meeting that there was a negative attitude in the negotiations. But the Government was now adding to it, "*and maybe causing it*."

He added: "I tell you here and now, there is gross interference in negotiations so far. The guidelines are one thing, interference is another."

The meeting was told that in the early stages of the local government negotiations the employers were veering towards a cash increase of about 9.5 per cent.

Mr. Bradburn's attack echoed the mood of the special pay conference in London at the beginning of this month, when opposition was expressed to the Government's policies of using control of wages, cash limits and direct intervention in the public sector as economic regulators.

Mr Bradburn said yesterday that his members, the last major group to settle under Phase Three, had suffered worse than others in the local government *pay arena*.

They would settle for nothing less than full consolidation of both the supplements and a 10 per cent increase on consolidated scales from July 1.

Banknote strike to continue

By Our Labour Staff

NOTE EXAMINERS at the Bank of England printing works have decided to continue their *strike until at least Friday when* another meeting is expected.

More than 500 examiners, drivers, binders and other groups have been dismissed during the dispute which has prevented note printing and distribution from the Loughton works in Essex since the middle of last month.

The bank's moratorium on £1 and £10 notes, when the clearing banks would have been pre*vented in any case from circu*lating new notes that should have been printed during the dispute, ended at the weekend. The moratorium for £5 and £10 notes finishes on June 30.

The banks with stocks of new notes have not been caused any real problems by the dispute.

The Bank of England says the dispute, which involves about half the printing works' 1,000 examiners is over a closed shop *demand*.

The dismissed examiners, members of the Society of Graphical and Allied Trades have complained that the bank has been replacing union by non-union members.

Bonus dispute makes 3,000 workers idle

TWO YORKSHIRE factories of Associated Engineering (Turbine Components Division) Ltd. are at a standstill through a strike by 1,300 employees over bonus systems.

It began at the factory at Shipley, near Bradford, when 45 workers began a work-to-rule over alleged anomalies. They were *sent home by management*. The remainder of the factory, some 300 men, walked out claiming a lockout.

Workers at the main factory at Yeadon, near Leeds, came out in support.

Mr. Ray Deaney, Amalgamated Union of Engineering Workers, at Yeadon, said a "last-ditch approach" had been made to management for a settlement, but without success. Mr. Ralph Bradbury, the personnel director, said that if the company missed business now there could be harmful long-term effects on profitability and jobs.

Fresh recognition claim is filed

BY ALAN PIKE, LABOUR CORRESPONDENT

THE LEGAL and General Staff Association yesterday revived the controversy over union representation in the company by filing a new recognition claim the Advisory, Conciliation and Arbitration Service

By taking this action the association believes that the arbitration service will once again have to interview employees and ascertain their views on union representation.

Earlier this year, the service circulated to parties involved a draft report after another claim *for recognition rights at Legal* and General by the Association of Scientific, Technical and Managerial Staffs. This showed that in an 80 per cent poll 1,354 employees wanted the association to represent them compared with 773 for the staff association. More than 1,100 other staff did not want a union at all.

Since the production of the draft report, the staff association *has been seeking joint repre*sentation with Association of Scientific, Technical and Managerial Staffs but says that neither the company nor the rival union has been prepared to concede this.

The staff association claims that while it enjoyed less support than the association in the arbitration service ballot, there is a majority in favour of collective bargaining among Legal and General staff only when supporters of both unions are counted together. It believes that this justifies its claim for joint rep*resentation.*

When the service was conducting its inquiries on the initial association recognition claim the staff association went to court and successfully challenged a decision not to include its name on a questionnaire seeking employees' opinions.

The staff association has complained to the arbitration service that it regards the draft report supporting the association's *claim as incomplete and biased*

Strike hits beer supplies

A WALK-OUT yesterday by 350 draymen at Mitchell's and Butler's brewery, Smethwick, Staffordshire, halted supplies of beer and soft drinks to 5,000 public houses, clubs and off-licences in the Midlands.

The men are not due to meet again until tomorrow and many pubs, with stocks low because of the recent heatwave and a dispute at a rival brewery, will have run dry by then. Tenants are being advised to buy elsewhere after consultation with the brewery.

The draymen fear that their earnings—between £120 and £150 a week with overtime—will be hit by a deal under which the *company has handed over Mid*land pubs to Courage in return for some in the Bristol area. They want a pledge that pay will not drop below £100 for a 40-hour week.

ACAS 'given a free hand'

THE Advisory, Conciliation and Arbitration Service *had* been given a free hand to decide whether or not to recommend a union for recognition, a High Court judge was told yesterday.

Parliament had left it to its *members, as people experienced* in industrial relations, to decide in a particlular case what was the wisest solution, said Mr. Henry Brooke, counsel for the service.

He was defending the service's decision not to recommend bargaining status for a non-TUC professional engineers union at APE-Allen, of Bedford.

The union, the United Kingdom *Association of Professional* Engineers, is challenging the validity of the service's decision and asking Mr. Justice May to invalidate it.

Mr. Brooke said the service felt that to recommend bargaining rights for the association and the higher grade staff it represented would be inconsistent with existing bargaining arrangements within the company and the engineering industry.

It would lead to further fragmentation of those arrangements, which was something that the Engineering Employers Federation was anxious to avoid.

It would mean that instead of three bargaining units, comprised of three other unions, the employer would have to negotiate with four.

Mr. Brooke agreed with the judge that, if the *association* was recommended for recognition, it would be encouraging the "extension of collective bargaining" provided in the Employment Protection Act.

But, he said, the service could disregard that particular *duty* and have *regard instead* to its duty to "promote an improvement in industrial relations."

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Brighter look for plastics

IN AN ATTACK on a plateable plastics market now put at 70m lb per year, the *International* Nickel backed company, MPD Technology, is launching throughout Europe a material called Caprez DPP.

This name describes a directly electroplateable, electrically conductive and easily moulded form of polypropylene containing carbon filler and certain proprietary additives developed by Inco in the U.S. These serve the purpose of providing complete *and speedy coverage of the plas*tics surface during deposition of metal and they also promote chemical bonding between metal and plastic.

Perhaps the most significant among the advances the formulation has made possible is the fact that there are only four steps to metal coating using Caprez compared with as many as 14 with other plateable plastics. At the same time, the material does not *demand complex and expensive* pre-treatments, sometimes involving dangerous chemicals, that are required at the moment.

A further boon is that Caprez can be handled on standard, commercially available injection moulding equipment and it has been found during tests that shorter moulding cycles are achievable compared with ABS or other plateable plastics. Articles from 1 oz to between *3 and 4 lb have been produced*. This should also contribute substantially towards lower costs.

The material can be plated with copper / nickel / chromium coating systems similar to those used *for other similar materials* and heat-resistance as well as peel and corrosion resistance are at least as good and frequently better than the competition.

At present, the production situation is that the MPD Technology associate in the U.S. has set up a division called Alloy Polymers to manufacture Caprez and commercial production is starting.

MPD will import the material into Europe in the form of ready-to-mould pellets, offered at 55p per pound. European production is being considered.

Caprez is suggested for the *production* of car parts and accessories, household fixtures and appliancese as well as plumbing units and toys. Trial runs on consumer durables and on automotive parts are already in progress in the U.S. and cars with these parts should be coming off the lines in a couple of years.

Further *information* on Caprez from Product Manager, Alloy Polymers, MPD Technology, *Wiggin Street, Birmingham* B16 OAJ. 021 454 0373 or 4871.

Blasts big components clean

FIRST OF a new range of airless abrasive *blast cleaning machines* developed by Beverley Shotblast Engineering is now available for demonstration runs at the company's Billingshurst works in Sussex (040-381 2091).

This machine can handle steel plates up to 48 inches wide and 3 inches thick in any length and also rolled or fabricated structural sections up to 36 inches by 16½ inches.

Machines can be built as part of in-line surface preparation and coating plants including pre-drying, automatic painting and drying, conveying, work handling and dust control.

The centrifugal blast cleaning principle is employed for these machines which have vee-belt driven abrasive throwing wheels, screening and air washing equipment for cleaning the abrasive.

Cleaner for operators

A RANGE of *metric* dry back booths for medium volume paint shops comes from Berridge Engineering of Beeston, Nottingham.

The unit range is based on module length of 1,110mm and can be supplied in lengths of up to six enclosure widths of 6 metres with a working height of 2,220mm x 1,370mm depth. Each booth has a fully open front and inward fume extraction *through a disposable* filter. On the top of the exhaust chamber are impellers which create a constant inward air velocity of about .75 metres to .9 metres per second, ensuring that the operator breathes cleaner air enabling *him to work for longer* periods without interruption.

The booths are suggested for use in hand spraying furniture parts, motor car accessories, toys, electrical, office equipment, metal pressings, fabrications, castings, etc.

Further on Nottingham 258291.

● OFFSHORE INDUSTRIES

Cheap look down below

A SMALL, unmanned and highly controllable submersible armed with television cameras has been developed by Marine Unit Technology, of Richmond, Surrey, to provide undersea inspection in the poor visibility and hostile operating conditions of the North Sea.

Dubbed SMARTIE (submarine automatic remote television inspection equipment), the craft has the shape of a thick disc of about one metre diameter with *an elliptical cross section, giving* it good underwater mobility It is driven by directional water jets from an electrically powered pump and has no propellers.

The company sees SMARTIE *as a low-cost alternative to the* use of divers as underwater observers, even in shallow water and maintains that the operator on the surface can see more on his monitor screen than a diver on the sea bed. For the moment the craft will not be available for sale; instead, MUT's associate company Marine Unit will offer complete inspection service to the offshore industry.

Control of the craft is vested in an in-house design of microcomputer, interpreting manual control signals from the console on the surface.

Smartie is supplied with power *and control signals by an umbi*lical cable of only five millimetres diameter, with video signals sent over the same cable in the opposite direction. Physical drag on the cable on the vehicle is small and the company says that by careful design of the electronics there is no interaction between video, control and power circuits.

For low visibility work the on-board computer can accept *input from the craft's magnetic* compass and gyro and project an artificial navigation "target" which the operator can follow on his screen even though the craft may be passing through an area of zero visibility.

An important facility is that of holding the craft in any position, even in fast currents. The operator simply presses a "hold" button and the computer compensates for disturbing forces, keeping the vehicle in the required position without further operator intervention. A similar technique is used to maintain a steady course at speed.

Later developments will include a "lock-on" mode, causing the craft to follow closely a pipeline or other submerged structure, and a sonar facility.

SMARTIE will be available in one of two operating modes. In the first the company will supply an air transportable kit consisting of submersible, electrical generator, operator's console and cable, accompanied by three trained operators.

Alternatively, the craft will be available on long-term contract with a custom-built winch and a robust launcher which will be *designed to withstand* very rough surface conditions.

More on 01-940 3682.

● COMPUTERS

Scotland swings to ICL

SIX OF Scotland's nine Regional Councils have ordered 2900 Series computers from International Computers (ICL). Total value of the orders is over £6m. Systems ordered range from ICL's 2904 small computer to the 2970 machine and come from: Lothian, Fife, Tayside Grampian, Highland, and Dumfries and Galloway Regional Councils. These are in addition to the order which Aberdeen District Council placed at the same time for two ICL 2904 computers.

Lothian Region, Scotland's second largest region, will get the large-scale 2970 system and a 2960 medium-sized computer, both of which will be installed in Edinburgh; other 2960 systems systems will go to the Grampian, Fife, and Tayside Regional Councils. ICL 2904 computers will be installed in Inverness by Highland Regional Council, and in Dumfries by Dumfries and Galloway Regional Council.

The simultaneous move to the 2900 Series will enable the councils to extend their colaboration in computing and thus allow them to share the costs of developing new computer systems. Dumfries and Galloway and Highland are, for example, to adopt police administration systems based on work initiated by Tayside.

A key factor in the choice of the 2900 Series computers was ICL's Direct Machine Environment system, DME, which enables customers to run programs from earlier ICL computers on the 2900 range without change of operating systems.

More from ICL on 01-788 7272.

● SHIPBUILDING

Finns get approval certificate

RAAHE Iron and Steel Works of Rautaruukki Oy is the first Finnish steelworks to be approved, under the Lloyd's Register Quality Assurance Scheme for Materials, for the production of hull structural steel plates and hot-rolled sheet.

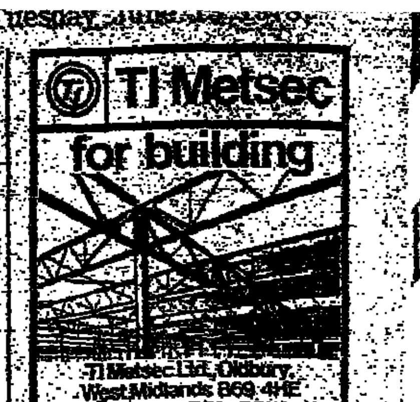
*Rautaruukki Oy was estab*lished by the Finnish Government and the main Finnish metal industrial corporations in 1960. The company now has production units and office facilities at eleven places throughout the country. Raahe Iron and Steel Works, situated on the Gulf of Bothnia, is the biggest of the production units with an iron making plant, a basic oxygen steel melting shop, a continuous casting plant and plate and strip mills. Total annual steel production is about 1,600,000 tons and about 250,000 tons of this is shipbuilding quality plate.

The quality assurance scheme is a new procedure for the inspection and certification of materials used in hull and machinery construction which, subject to special approval, may be adopted as an alternative to the traditional direct inspection of products by the Sociey's surveyors.

The scheme recognises the advanced production and quality control procedures now developed in industry, including those which make extensive use of computers. The control procedures must be of a high standard for approval to be given by Lloyd's Register and are subject to regular and systematic technical audits by surveyors to ensure that the approved procedures are being maintained.

The scheme is applicable to materials which are manufactured in quantity by semi-continuous or continuous processes under closely controlled conditions. Initially the scheme has been restricted to closed-die steel forgings and to steel and aluminium alloy hot *rolled* plates, strip, sections and bars intended for hull construction.

Lloyd's Register, 71, Fenchurch Street, London EC3M 4BS. 01-709 9166.



● MACHINE TOOLS

Agreement to market presses

A LONG term agreement has been announced between Verson Allsteel Press Company of Chicago and Head-Wrightson Teesdale for the latter to manufacture and market the entire range of Verson presses.

The American company designs and manufactures sheet-metal-forming presses ranging in sizes from 15 tons to 60,000 tons capacity, including all types and sizes of sheet metal power presses required by the motor, appliances and armaments in*dustries*.

Both companies believe that their agreement will primarily create substantial business in the U.K. where the motor industry is expected to experience real difficulties in finding indigenous suppliers for much of the new equipment needed for modernisation and equipment programmes.

● PACKAGING

Getting canned quicker

DESIGNED TO meet the demands of the international brewing and *soft drinks* industries is a high-speed can closing machine from FMC Corporation (UK), of Fakenham, Norfolk.

The all-stainless steel unit, called FMC 952, has 16 seaming spindles and two cover feeds and closes two- or three-piece cans with conventional aluminium pull tab or ecology covers at rates of up to 2,000 per minute.

More on 0328 3211.

● VENTILATION

Saving costly heat

A SYSTEM offering supply and exhaust air ventilation from a single unit which, by utilising clean "wild heat" has saved a Clydeside print factory more than 30 per cent of heating costs has been introduced to industry by Novenco of Blaydon, Tyne and Wear. Based on the Fristamat farm ventilating system from the Danish company, Nordisk, there are two models available in the HDA range.

By matching input and extract rates exactly and providing an automatically balanced mixture of re-circulation and fresh air, the design may be used to advantage in almost any industrial application but greatest economies should be achieved in plants generating waste heat from process machinery—laundries, bakeries, print works, etc.

The unit comprises a tough, easy to erect, lightweight polyurethane duct which can be suspended vertically from the roof of a one-storey factory or industrial building by simple chain supports. The low profile discharge hood at one end of the duct projects above the roof line and the fan and discharge ring are located at the lower end.

The prime feature of the unit is its "two in one" fan. Inner blades extract air from a work area *while* the blades on the outer *ring* force a mixture of recirculated and fresh air through a dozen adjustable supply nozzles on the circular distribution head at the base of the unit. A thermostatically controlled mixing damper in the partition between the fresh air and exhaust air ducts controls the temperature.

Summer job

When external temperatures are high or when the process machinery produces excessive heat, the damper will be held in the vertical position admitting the maximum amount of *fresh* air to the outer "supply" duct of the fan. Exhausted room air is taken up from the centre of the fan through the unit to discharge at roof level.

When the thermostat indicates a drop in temperature the damper plate is automatically adjusted by a specially designed hydraulic control unit in the exhaust duct. The necessary amount of air is thus diverted to mix with an identical volume of incoming fresh air prior to distribution into the working area.

Desired room temperature is achieved by the setting of the temperature selector which can be found at any convenient point in the ventilated area, and the *nozzle* apertures on the discharge head can be adjusted to give a variety of air distribution patterns.

Although its dual role obviates the use of separate output and input systems, and one unit *would* do the job of two in comparable systems, the HDA range would have limited applications in areas exuding toxic fumes. To-date, it has proved very successful, says the company, in chicken and pig houses—now it *is offered* to keep it cool for the workers.

Further from the company at Tundry Way, Chansbridge Road, Blaydon, Tyne and Wear NE21 5SN. (089 425 4515.)

The Management Page

EDITED BY CHRISTOPHER LORENZ

David Curry reports on how the Compagnie Generale d'Electricite (CGE) has fared under government sponsored re-organisation

Did CGE really lose out?

CGE HAS been accused of "losing out" in the re-organisation of several of France's industrial sectors, notably in nuclear power and telecommunications, which the Government has sponsored in the interests of bringing essential technology under French control. But how true is this conventional wisdom?

Nuclear power: When the state-owned utility Electricité de France decided to build up *France's first* generation of nuclear power stations around a single model it had to choose between the boiling water reactor licensed from the U.S. by CGE (and for which it had placed two orders and six *options*) *and* the pressurised water reactor licensed from Westinghouse by the Creusot-Loire group. It *chose the Westinghouse* system and CGE's orders were cancelled (with compensation).

At the same time the state decided to concentrate production of turbine-generators around Alsthom, which had come into the CGE camp in 1969. In early 1976 Alsthom merged with the shipbuilding group Chantiers de l'Atlantique leaving CGE with a 30.7 per cent share in the resulting *group Alsthom-Atlantique*.

Chantiers de l'Atlantique had experience in diesel motor construction *and* also had links with the state Atomic Energy Commission in the *field of* smaller nuclear power stations.

Later in 1976 the turbine-generator division of another *big engineering* concern, Compagnie Electro-Mécanique (CEM) was made over to Alsthom-Atlantique, giving the company an effective monopoly of turbine-generator development. In its final configuration *Alsthom-Atlantique* had a production capacity of 8,000 MW putting it on a par as a producer of turbine-generators with Kraftwerk Union and Brown-Boveri (whose licence it holds) although *behind* U.S. General Electric *and* Westinghouse.

Since CGE also has large *civil contracting* interests, it claims that it can handle some two-thirds of the value of nuclear power station contracts without supplying the nuclear core.

But CGE retains its stake in the *fast-breeder programme*, which will eventually give birth to France's second generation nuclear power stations.

An important series of agreements have been signed effectively setting out the *frontiers between* Alsthom-Atlantique and Creusot-Loire in the fields of steam turbines, hydraulic turbines and nuclear reactors.

"The mistake," according to Roux, "was not getting out of nuclear: *it was getting into it.* But we wanted a Government decision that would give us the turbine-generator monopoly in return for quitting nuclear. Turbine-generators make much more money than nuclear reactors and we reckon there will have to be *reconversion of power stations* to coal and oil."

Telecommunications: The charge is that the state jilted CGE when it decided to concentrate *switching technology* in French hands in favour of the Thomson group, which at that time was not even a competitor in the field. In consequence, ITT was obliged to sell its Le Materiel Telephonique *(LMT) subsidiary* and Ericsson was obliged to sell its French operation to Thomson.

CGE argues that when the state was looking for a foster mother for the Metaconta system developed by ITT and the AXE system of Ericsson, there was never a practical chance *that* CGE would be selected for the precise reason that CGE was the master of *its own technology — the E10.* CGE points out that the E10 is a fully-French system — a sentiment in line with its general preference for developing systems from scratch rather than adopting overseas technology.

CGE thinks privately that Thomson has precious little *chance of exporting* adopted technology when the original article can be bought direct *from the parents.*

"I decided to pursue the temporal (digital) switching system 12 years ago and I am right," says Roux. "Thomson's systems are space-switching (analogue) and they are *short-lived. If anyone lost out* in that business it was ITT and not us."

The position of CIT-Alcatel (the main CGE telecommunications concern) has not been much affected, claims Roux, *remarking that when he* he arrived at CGE the company did FFr 60m a year in telecommunications and that it does FFr 5bn now.

In the years up to 1977, ITT took around 42 per cent of the market for telephone exchanges via LMT and its other subsidiary CGCT, CIT about a third and Ericsson some 16 per cent. Now Thomson has walked into about 40 per cent and ITT has some 16 per cent leaving the CIT stake more or less intact.

CIT-Alcatel has been reduc*ing its dependence on French* Post Office orders because it expects that after the modernisation is over there will be problems of overproduction. In the early 1970s Post Office business represented two-thirds of the company's turnover. Now it is down to half, with military work taking a further third.

In the transmission field the company claims to be second only to ITT for the construction of submarine cable links; and it ranks behind Western Electric as the world's leading manufacturer of pulse-code modulation equipment for digital transmission.

Computers: The charge is that CGE has had to take a back seat in the development of France's computer *industry*.

The story begins with General de Gaulle. He took it ill when Control Data Corporation refused to let France have the big computers needed for her nuclear *weapons programme*. His civil servants worked out the Plan Calcul to give France her own industry, under which Thomson-CSF and CGE took, respectively, 52 per cent and 48 per cent of the holding company which controlled the new creation, CII.

In poor financial shape, CII was pushed off into partnership with Siemens of Germany and Philips of Holland to form Unidata.

In July 1976 the Unidata marriage was annulled and CII and Honeywell Bull brought together. Thomson got out *altogether and* CGE was left with 20 per cent of the *holding company*, which has 53 per cent in CII-Honeywell Bull. The 47 per cent stake is Honeywell's.

CII-Honeywell Bull was *launched* on a four-year FFr 1.2bn programme of direct government subsidies, after which it was supposed to stand on its own two feet. In its first calendar year it netted FFr 144m, which was 60 per cent better than its constituent parts had done the year before, and its turnover was FFr 3.79bn.

***CII-Honeywell* Bull appears to be on target to meet its financial objectives and CGE appears content with progress though, as has *already been* emphasised, it is more excited about the prospects for its own information divisions in CIT-Alcatel than it is about mainstream computers.**

The French giant that 'knows where it's going'

Ambroise Roux: "There is nothing sillier than buying a bad company cheaply"

"A CRISIS of identity?" Ambroise Roux rocked his rotund frame back on his chair and allowed a carefully controlled expression of perplexity *to flicker across his face.* "My dear sir, I know exactly what we are and where we are going."

He rocked back against the table, spread his fingers as if to play the opening notes of a *concerto, and offered a slight* concession. "Of course, there have been some problems difficult to explain psychologically, such as when we got out of nuclear. But after all, we got exactly what we wanted."

It was a typical exchange with Roux, chairman of a far-flung empire ranging from turbine-generators to public works, and from shipbuilding to telecommunications and computer peripherals—the empire (or perhaps Roux would prefer Commonwealth) of *Compagnie Générale d'Electricite.*

Big league

The CGE group is definitely in the big league. Its 1976 accounts consolidate 211 companies, including 66 foreign ones, while it controls more than half the capital of 159 con*cerns. At the end of 1977 the* group, subsidiaries and affiliates, employed 170,000 people.

CGE identifies seven leading markets for its products: energy and power engineering equipment (about 30 per cent of turn*over*): *industrial equipment* (15-20 per cent); communications and transport equipment (15 per cent); telecommunications and information systems, including cables (about 23 per cent): household electrical *equipment; building and public* works; and defence.

Translated into products this means four basic ranges: mechanical construction including shipbuilding: electrical construction and heavy electrical engineering: professional electronics: and specialist materials, of which insulation and sealing equipment are to the fore. The three services of construction and public works: electrical contracting: and distribution complete the picture.

For four years now, through the thick of the recession, CGE has pushed ahead with a *vigorous expansion programme* which has seen it multiply the number of its affiliates. It has invested heavily to renew its industrial equipment and has imposed a rigorous financial discipline on itself to be able to *finance both expansion and* rejuvenation without imposing disproportionate burdens on the balance sheet.

Roux is fond of comparing 1973 with 1977 to illustrate the group's performance. "In 1973, *when only majority-controlled* operations were included in the group, our sales reached FFr 12.85bn. Last year sales of controlled companies reached FFr 18.3bn (£2.17bn) and if you include affiliates, turnover topped FFr 33.6bn (£4.0bn).

"Assets have climbed from FFr 558m in 1973 to more than FFr 1.15bn: we have deliberately set about reinforcing our posi*tion in our principal sectors of* activity.

"Our overseas turnover has risen from FFr *10.3bn* to FFr. 12.1 bn and we are the country's third largest exporter. Yet all this time, and despite the immense investment and modernisation effort we have made, we are carrying FFr 1bn *less debt now in terms of* constant francs than we were in 1973."

Roux himself has climbed that typically *French ladder* of promotion out of the *grandes ecole* (Ecole Polytechnique, diploma from the Ponts et Chaussees, and the Ecole Superieure d'Electricite) and up the para-political ladder of the civil ser*vice and the ministerial cabinet.* In the 1950s he made the classical side-step from government to industry (rare, indeed, are movements in the opposite direction) to become by 1955 the deputy managing director of CGE. *Eight years later he was* managing director, and he will soon be embarking on his ninth year as chairman.

He combines this with being one of the barons of the employers' organisation, the Patronat. And he has a reputation for being a no-nonsense boss impatient of notions that social engineering should come before mechanical engineering as a corporate concern.

His personal portfolio of *directorships includes the Credit* Commercial de France: the holding company of the Paribas industrial and financial empire; Pechiney Ugine Kuhlmann; the Credit National: and the Societe Nationale d'Investisse*ment.*

Roux's solid presence has been a strong asset *for* the group over the past few years, during which time CGE's profile has changed substantially. For in three important areas—*nuclear power, telecommunica*tions and, to a lesser extent, computers — CGE has been affected by Government-sponsored industrial reorganisation.

In each of these areas CGE has been accused of "losing out": to Creusot Loire and the Empain-Schneider empire in nuclear; to Thomson-Brandt in *telecommunications,* and generally in the computer field.

Roux agrees that any account of these three restructurings shows that, far from having lost out, CGE has emerged with its position improved.

Key areas

"There's nothing in the group which we don't want," Roux affirms. "Perhaps there are some things we are in *through force of habit, but by* and large we are now present in a number of key areas and convincingly present." He also feels no nostalgia for the activities they have shed.

Alsthom-Atlantique, and its *shipbuilding operations which,* like the entire French industry, has failed to book a single order for two years and is preparing to put its workforce on a 34 hour week. "Its expansion may be less rapid in years to come because the growth of sales in the heavy electrical sector will slow down. But we intend to develop ceramics and glass insulation—particularly in Brazil—and don't forget we already have a quarter of free *world production.*"

One of his priorities for development is clearly the telecommunications and data processing field. CIT-Alcatel is Roux's particular baby, the only subsidiary which he himself *chairs, and it is under the CIT*-Alcatel banner that the group has placed two of its most rapidly growing concerns, Sintra and Transac. The group stake in Sintra was raised from 15 to 37 per cent in 1976 and it has signed a "*growth contract*" with the State, setting out norms for financial and market performance in return for subsidies —one of the Government's tech*niques to encourage the devel*opment of the French presence in crucial areas of technology.

With professional electronics and military electronics as well as "distributed processing" (*"peri-informatique"*) among its activities, CGE directors refer to Sintra-Transac mischievously as "a mini Thomson-CSF"—a reference to the large electronics group which is part of the Thomson-Brandt/Thomson-*CSF tandem. Roux himself* reckons that there will be "an enormous effort" in the field of automatism, peripherals, telecommunications and data-acquisition.

A further area for develop*ment is that of new sources for* energy. The Laboratories de Marcoussis and five industrial concerns in the group are between them pursuing four lines of development. The most important is the area of heating of *buildings,* where the group claims a leading position in thermodynamic or thermo-electric heat pumps, universal solar captors, high temperature convectors and energy storage.

The second theme is the regu*lation* and management of energy, covering areas like the control of boiler temperatures and televised supervision and metering. Photovoltaic conversion forms *the third main axis* of development.

Finally, the group is aiming to develop high performance production techniques for hydrogen. "Our group is incontestably one of those most committed in *the field of new energy sources,* geared by priority to the development of the techniques themselves, rather than to agreeing *industrial alliances with over*seas companies" the annual general meeting was told.

Roux explains the mode of growth: "We have never gone backwards. If this means that our increases in profits are modest, it means *equally* that we have maintained the progression. We intend to keep growing by external acquisition and internal development.

"Of course, the former is less simple now—there are not so *many companies available. But* we will continue to apply the normal criteria: we have never bought a company without being certain that it has what we call the industrial critical mass to justify the outlay. There's *nothing sillier than* buying a bad company cheaply."

CGE is a national flag-carrier in a number of sectors—and French industry by and large is more responsive to government guidance and more inclined to recognise *national interest* in their calculations than some of their European contemporaries. Does this impose constraints on CGE?

"*When you have got the place* we hold—in heavy electrical engineering, in telecommunications, in cables, in batteries—it's hard to have a general policy which differs from official policy. But the Government listens to us. We have *never* had a quarrel about overseas investment and now and again I am asked to put a factory somewhere to solve a regional or unemployment problem."

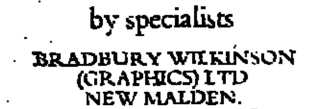
Does he? "If I can do"

The group is easier to run than one thinks, Roux remarks. "It's very decentralised. It's easy to see if a group is decen*tralised or not.* Go into the parent company headquarters and look at the names on the doors. If the names are those of the chairmen of subsidiaries you can forget about decentralisation.

"None of my subsidiary chairmen are here: they have total autonomy and borrow money over their own signa*tures. They decide wages and* social policy. I certainly don't get involved in solving strikes in factories."

"How many letters do you think I sign each day?" he asks. "On average less than one a day," he answers himself. And to what sort of people?

"Oh, the Prime Minister, the President, perhaps the chairmen of the really big companies."



LOMBARD

Modified rapture

BY ANTHONY HARRIS

THERE'S NONE so blind, says the adage, as those that will not see; and none so gullible, I sometimes despairingly conclude, as those who wish to be deceived. Or perhaps, on second thoughts, those who are talking their own book. If it is not dishonesty, it is still mightily profitable.

The subject of these seemingly disjointed musings is the rapturous reception which the gilts market has accorded to the latest package of measures to reduce the growth of the money supply—and especially to the re-imposition of corset restrictions on the banks. It is only a week since my desk was swamped with gloomy circulars describing in detail how we were sliding uncontrollably to an inflationary doom. Now MLR is up one point—for a few days at any rate—and the growth of the monetary statistics has been determined by administrative fiat until about October and *that is all of substance which has changed* (I take it that dealers believed the Chancellor when he said in the Letter of Intent that the borrowing requirement would not be allowed to rise beyond £8½bn). But some of the circulars now sing a very different song.

Necessary

Here, to take a lyrical example, is Messels: "The authorities had under-estimated the likely strength of loan demand: the re-imposition of the 'corset' was a logical and necessary corrective move.

"However, the increase in MLR . . . and in *employers'* national insurance contributions were quite unexpected, and show that Mr. Healey was very serious indeed about the commitment to *monetary restraint. Moreover,* tough action has been taken in an election year—totally refuting suggestions that vote-catching considerations would deter the *Government from doing the right* thing . . . Gilts are a good investment, both short and long term."

It is only a few days since I suggested that the market was being childishly frightened by its own shadow. The present relief seems if anything even more childish. The gilts half of the whole self-justifying system is familiar. Last week it ran, "I am not buying gilts therefore my money is piling up in the bank, therefore the money supply is out of control, therefore inflation is going through the roof, therefore gilts are a bad buy." This week it runs, with little exaggeration, "I am buying gilts, therefore my bank deposits are falling, therefore the money supply is going down, therefore inflation is going to fall for ever and ever, therefore gilts are a splendid buy."

There is, of course, some logic in this: if the authorities are reluctant to let interest rates rise to the point where funding begins, and remain reluctant, it can lead to nasty consequences: the market *has* to be *convinced*, and now is. But the fact that the corset is part of the trick is another story.

The first time the corset was *imposed*, it was greeted as if the Bank of England had discovered how to square the circle, and make credit both tighter and cheaper at the same time. In fact it had the quite modest aim of eliminating one distortion in the money supply figures, round tripping, and succeeded in this; but the idea of laying down the future growth rate of the money supply, and letting the system adapt, did rob the growth of the money supply of much of its value as an indicator. The corset has subsequently been used rather reluctantly, and with well-justified embarrassment. It's really a bit blatant.

However, the very existence of this officially-imposed distortion of the money figures (and a corset, after all, is by its nature a distorter of figures) has bred its own problems. Because tight stays are uncomfortable, it has inspired the banks to deep breathing at the mere murmur of corset restrictions—and competitive deep breathing at that.

Deep analysis

The result is that the existence of this device now distorts the money figures whenever monetary growth is anywhere near its top limit, whether the scheme is in force or not. While the banks fear it, they inflate their own books; once it is imposed, the figures are compressed. It is a matter of deep financial analysis to discover whether the thing is tight or loose. It all illustrates Harris' Uncertainty Principle: the more we try to control a given financial figure, the less it means.

A decent puzzlement, then, seems to me the intelligent reaction to recent figures and events. We have the same fiscal challenge as on April 11; and with a bull market in gilts, we may soon have the same low interest rates, and the same risks. But meanwhile, we will have had a big rise in the market as the cycle, reinforced by manic-depressive comment, rolls predictably on; and I find myself haunted by a City friend, an ardent monetary reformer, who usually ends a dissertation on desirable changes with the comforting reflection: "Of course, they won't listen; but it wouldn't be nearly so easy to make money if they did."

FILM AND VIDEO BY JOHN CHITTOCK

The producers who refuse to play safe

IT MAY be tempting fate to run a film preview and invite questions from the floor at the end of the show. But it is positively hazardous to solicit comment as well. This happened last week at the preview of a new Electricity Council film, *Play Safe*. The production comes as part of the electricity industry's continuing educational and information scheme on understanding electricity.

Play Safe is aimed at children, warning them of the dangers of electricity lines and sub-stations. Vandalism is not the only problem; nor the stray ball that goes over the railings marked "Danger — High Voltage.". There are unexpected hazards such as flying kites near power lines (this can be dangerous despite apparently non-conductive materials in the kite), or moving a sailing dinghy *down to the river under a low-*slung feeder line (the aluminium mast could provide fatal contact).

It seems perfectly reasonable to point out these dangers in a film, and an adequate job has been done by the producers — albeit in a *style more* appropriate to the 1950s than the 1970s' era of juvenile power. But as the cosy questioning rolled on, one of at least three MPs sitting in the audience *slipped in a comment about a more controversial sequence* in the film showing vandalism — where a group of children throw a steel chain across an overhead power line, shorting out the entire district's power supply.

From this point onwards, the hounds in the large audience were after the fox. Wouldn't this attempt at reducing accidents actually increase them? Was there not a positive risk that the film would put ideas into the heads of potential vandals?

Also sitting in the audience was Mr. John Shepherd, who heads the British Rail film unit—which was responsible for the much more controversial film, *The Finishing Line*. This film stages a bizarre sports day at a railway cutting—with "games" such as tossing bricks through the windows of passing trains, "last across," and tunnel trekking. The score board is reckoned in deaths and injuries. It is an extraordinarily courageous film but obviously wide open to criticism from those who believe it will do more harm than good.

Since *The Finishing Line* has been in circulation for well over a year, Mr. Shepherd's experience was eagerly sought. But, as expected, there has been a strong polarisation of views, with some teachers not only disliking the film but actually banning its use, and others claiming it to be outstandingly valuable.

British Rail was careful to obtain views from psychologists and educationists before completing the film, and also before releasing it. But regrettably the impact of the film has not been subjected to controlled research. It is back to old fashioned gut reaction, and a generally held *feeling* that the film is actually doing a good job.

> Could such controversial films put ideas into the heads of vandals?

Surprisingly, the Health and Safety Executive has not researched the effectiveness of its own use of the media in health campaigns. Some years ago, however, the Health Education Council did carry out controlled research into anti-smoking films and came to the conclusion that they were ineffective.

Of course, no two circumstances are the same and it is misleading to draw too many generalisations from specific cases. The Central Office of Information has carried out regional research into the effectiveness of its seat belt campaign—highlighted by the clunk-click TV films. It found that though the campaign was successful, the effect of any one campaign quickly faded and needed replenishing.

The *circumstances* with seat belts are quite different, however, from those where risk-taking has potential excitement built into it—as in *Play Safe*, and also a COI/Health and Safety Executive film called *Apaches*.

The latter is about accidents to children on farms. It takes as its theme a game of cowboys *and Indians (played with great* relish by the child actors). The participants get killed, one by one, in a variety of accidents that typify the hazards always present on a farm.

The COI *says* that *Apaches* has yielded the predictable polarisation of views. But some *schools have responded to it* enthusiastically, one near Doncaster even running a group project connected with it. Reactions such as "I always imagined a farm as a perfect *place to visit* but after seeing the film I see it differently—as a death trap," show the kind of impact the film made. In another school, a questionnaire showed that children reacted favourably, confirming one view that the kids accept the film as a warning *whereas often* adults merely finish up feeling guilt about it.

Perhaps the crux of the matter is hidden in complex personal reactions. When people respond to a film, they may reveal more truth about their own hang-ups than the probable effect of the film on other *people. This is not* a researched fact, but a view of my own based on some experience in the psychology of film.

The sad truth is that our knowledge of the effect of film (and television) is still hope*lessly* inconclusive though in 1967, aided by six industrial *sponsors*, I ran a series of carefully controlled experiments which did tend to prove that film can change conscious attitudes.

Perhaps the last word should go to another person in the audience at last week's Electricity Council show—Mr. Henry *Geddes, Director of the Chil*dren's Film Foundation. His organisation produces films for the Saturday morning cinema clubs. It has a tradition of responsibility towards children's films—based on much research. And Mr. Geddes was clearly annoyed at the criticisms of *Play Safe*. The Foundation would use it, he said, because he saw no harm in it but plenty of good. The view prevailed that it was better to do something than nothing at all. At which the audience almost cheered and the hounds lowered their tails.

Tumbledownwind should account for Creetown

THAT FINE sprinter Tumbledownwind, who might have lasted out the Rowley Mile and won the 2,000 Guineas had Newmarket not been riding softer than ever before, looks to be the answer to this afternoon's Leisure Stakes at Lingfield.

RACING

BY DOMINIC WIGAN

Tumbledownwind, trained by Bruce Hobbs and ridden by Geoff Lewis, both of whom have good records here, should be able to take advantage of the weight he receives from Lester Piggott's mount Creetown.

Although Creetown ran respectably at Epsom a few days' ago, I shall be surprised if he can account for the Hobbs' three-year-old on terms 7 lb worse than weight for age.

It is not often that a mare is responsible for two winners on the same card. However, this does not seem a remote possibility this *afternoon for* Cigarette Case is represented by Brancaster in the Ferrendons Stakes and Ashcroft, who goes for the Smugglers' Stakes.

I expect Brancaster *to win*—possibly at the *chief* expense of Mr. Peter O'Sullevan's Attivo,—but expect Ashcroft to find the Ryan Price-trained Nimble *Fingers just too good.*

Looking ahead to Royal Ascot, bookmakers are slightly at variance over the Royal Hunt Cup. Ladbroke has Picatina an inmate of William Hastings-Bass's Newmarket stable, as 10-1 favourite while the Tote—the first to open a book on this year's race—makes Fair Salinia's *stable companion* Greenhill God market leader at the same price.

Prince Gabriel, Andy Rew, Blustery, Fear Naught, Bell Tent, Digitalis and Casino Boy are others close up in the betting.

Timeform Charity Day this year is at York on Saturday, June 17. The whole of the proceeds of the day will go, as usual, to the National Society for Cancer Relief.

The principal sponsor is again the William Hill Organisation, which is giving £7,500 for the day's feature race the William Hill Trophy, one of the richest three-year-old handicaps of the season.

The Vernons Organisation, Mr Dan Preun, Mr. and Mrs. Jim Mullion, Mr. Basil Samuel, Sir Michael Sobell and the Timeform Organisation are also sponsoring races. Nominations to Wollow, High Top, English Prince, Abwah, Tumble Wind and Hittite Glory have been presented for the benefit of the day.

LINGFIELD

2.30—Cover Note
3.00—Brancaster*
3.30—Saturnus
4.00—Tumbledownwind***
4.30—Burma Pink
5.00—Nimble Fingers**

Technology aids coal output

IMPROVED mining technology would play a crucial part in the effective development of the coal industry, Mr. Alex Eadie, Under-Secretary for Energy, said yesterday.

Mr. Eadie, speaking during a visit to the Gullick Dobson mining machinery plant in Wigan, said that coal output achieved by mechanised means *had* increased from 2 per cent to 94 per cent over the last 30 years. Over the same period, output per man shift had doubled from 21.5 *cwt in 1047 to* 43.6 cwt last year.

Wildlife photo exhibition

A PHOTOGRAPHIC exhibition entitled The World *Wildlife* Fund in Action will be held in the Kodak gallery, High Holborn, London, from July 5 to August 4. *It is sponsored* by Kodak and the fund.

The exhibition will depict the work of the fund in Britain and abroad. More than 200 photographs will be on display, nearly all in colour.

It will cover examples of the fund's activities including land purchase, education, governmental advice and lobbying, equipment and publicity and the basic strategy of conservation.

The exhibition will be in three sections: conservation—what *it is* and *why it is* necessary; what is the role of the fund? and what can I do to help?

The World Wildlife Fund raises money for the conservation and rational use of the Earth's resources and in particular, animals, plants and habitats threatened with extinction.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University. 9.38 For Schools, Colleges. 1.30 pm Ragtime. 1.45 News. 2.00 You and Me. 3.20 Teithi'r Tir. 3.53 Regional News for England (except *London*). 3.55 Play School (as BBC 2 11.00 am). †4.20 Champion the Wonder Horse. 4.45 Goober and the Ghost Chasers.

5.05 Wildtrack. 5.35 Roobarb.
5.40 News
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 World Cup Report.
7.20 The Feather and Father Gang.
8.10 The Standard.
9.00 News.
9.25 Yellow Cab: The BBC 1 Documentary: the work of two plain clothes detectives in Harlem's 28th Precinct.
10.10 Cabaret Showtime with Lena Zavaroni.
10.55 Tonight.
11.35 Play Golf.
12.00 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.55-6.20 pm Wales Today. 10.10-10.55 *Wales/ Down Under.* 12.00 News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 12.00 News and *Weather for Scotland.*

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.00 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.30 Worktalk.
11.00 Play School.
4.55 Open University.
7.00 News on 2 headlines.
7.05 A Woman's Place? What About the Kids?
7.30 Newsday.
8.10 Airport.
9.00 Rhoda.
9.25 Our Mutual Friend by Charles Dickens, part 1.
10.20 Living on the Land.
10.45 Late News on 2.
10.55 The Old Grey Whistle Test.
11.35-11.45 Music at Night.

BBC 2 Wales only—7.05-7.30 pm Heddiw. 11.35-12.00 A Woman's Place?

LONDON

9.30 am Schools Programmes. 12.00 Issi Noho. 12.10 pm Daisy, Daisy. 12.30 News plus FT index. 12.55 Help! 1.00 Parents' Day. 1.30 Crown Court. 2.00 After *Noon.* 2.25 Red Letter Day. 3.20 Once In A Lifetime. 4.05 Cartoon Time. 4.20 Paul. 4.45 Extraordinary. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Oh No, It's Selwyn Froggitt.
7.30 Charlie's Angels.
8.30 Life Begins at Forty.
9.00 Will Shakespeare.
10.00 News.
10.30 This Week Special.
11.30 Dan August.
12.25 am Close: A painting by Velasquez with music by *Rodrigo.*

All IBA Regions as London except at the following times:—

ANGLIA

12.55 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia 7.00 Survival. 11.30 Baretta. 12.25 a.m. Christians in Action.

ATV

12.50 pm ATV Newsdesk. 4.05 Professor Balthazar. 5.15 Laverne and Shirley. 6.00 ATV Today. 7.00 Emmerdale Farm. 11.30 Motor Cycle Racing Post TT from Mallory Park.

BORDER

†12.50 pm Border News. 2.00 Houseparty. 5.15 The Rolf Harris Show. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 11.30 The Odd Couple. †12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 6.00 Report At Six. 7.00 Walking Westward. 10.28 Channel Late News. 11.30 Space 1999. 12.25 am Visages de France.

GRAMPIAN

9.25 am First Thing. 12.50 pm Grampian News Headlines. 6.00 Grampian Today. 6.10 Out Of Town. 11.30 Reflections 11.35 One Foot In Eden—*Composer Peter Maxwell Davies took a* holiday in Orkney eight years ago and stayed on as a resident. 12.30 am Grampian Late Night Headlines.

GRANADA

12.50 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 11.30 Police Surgeon. 11.55 Drive-In.

HTV

12.50 pm Report West Headlines. 12.55 Report Wales Headlines. 2.00 Houseparty 5.15 Popeye. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.30 The Outsiders.

HTV Cymru/Wales—As HTV General Service except: 12.50-12.55 pm Penawdau Newyddion Y Dydd. 4.05 Cartoontime. 4.10-4.45 *Mordaith.* 6.00-6.15 *Y Dydd.* 10.30 Bywyd. 11.15 World In Action. 11.45-12.30 am Celebrity Squares.

HTV West—As HTV General Service except: 12.50-1.00 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†12.50 pm News and Road Report. 5.15 The Bubbles. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem. 7.00 Emmerdale Farm. 11.30 *Late Call. 11.35 Police Woman.*

SOUTHERN

12.50 pm Southern News. 2.00 Houseparty. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day including Southsport. 7.00 Emmerdale Farm. 11.30 Southern News Extra. 11.40 Drive-In.

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 12.50 pm North East News and Lookaround. 5.15 *In Search Of . . . Inca Treasure.* 6.00 Northern Life. 7.00 Emmerdale Farm 11.30 Landscape. 12.00 Epilogue.

ULSTER

12.50 pm Lunchtime. 4.18 Ulster News Headlines. 5.15 Friends Of Man. 6.10 Woody Woodpecker. 7.00 Emmerdale Farm. 11.30 Old House, New Home. 11.55 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.50 Westward News Headlines. 6.00 Westward Diary. 7.00 Walking Westward. 10.28 Westward Late News. 11.30 Space 1999. 12.25 am Faith For Life.

YORKSHIRE

12.50 pm Calendar News. 4.05 Lasting *Beauty.* 5.15 *The Mary Tyler Moore* Show. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 11.30 The Protectors.

RADIO 1 247m

(S) Stereophonic broadcast.

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen, including 5.30 *Newsbeat.* 7.30 *Sports Desk* (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought and 6.45 Sports Desk. 7.32 Terry Wogan (S), including 7.45 Sports Desk. 8.27 Racing Bulletin. 8.45 Sports Desk and 8.45 Pause for Thought. 10.02 Colin Berry (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S), including 1.45 Sports Desk. 2.30 David Hamilton (S), including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S), including 5.45 Sports Desk. 6.33 World Cup Sports Desk. 7.02 Folk 78 (S). 7.30 Sports Desk. 7.33 On The Third Beat (S). 8.02 Nordring Rendezvous (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Three In A Row. 10.30 The Steptoe Saga. 11.02 *Peter Clayton introduces* Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

† Medium Wave only.

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: D'Indy and Duparc (S). 9.45 Plainsong and the Rise of European Music (S). 10.50 *Violin and Piano recital* (S). 12.05 pm BBC Northern Symphony Orchestra—Part 1: Vaughan Williams, Strauss (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 BBC Northern Symphony Orchestra—Part 2: Sibelius (S). 2.15 Schubert from Bristol (S.) 3.05 A Little *Light Music* (S). 4.05 *Schubert and* Schumann piano recital (S). 5.15 Jazz Today (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (continued). †6.30 Lifelines: Work and Training. 7.30 Piano Recital—Part 1: Schubert, Clementi (S). 8.20 A Promenade *of Resorts—Part 4: Eastbourne.* 8.40 Piano Recital—Part 2: Chopin, Liszt (S). 9.20 "SOS", New work for voices by Barry Bermange (S). 10.00 Berlioz (S). 10.40 Henry Cowell piano recital (S). 11.00 Chanson Francaise: The songs of Barbara (S). 11.35 News. 11.40-11.45 Tonight's Schubert Song.

Radio 3 VHF only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 am News. 6.17 Farming Today. 6.35 Up To The Hour. 7.00 News. 7.20 Today. 7.35 Up To The Hour (continued). 8.00 News. 8.10 Today. 8.35 Yesterday In Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Elephants Can Tell Jokes. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Profile. 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather: programme news. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.10 Questions To The Prime Minister "live" from the House of Commons. 3.35 Money Box. 4.00 News. 4.05 *Gardeners' Question Time visits* Avon. 4.35 The Roof of Wales. 5.00 PM Reports. 5.40 Serendipity Signings On. 5.55 Weather: Programme News. 6.00 News. 6.30 Many A Slip. 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Piano Recital (as Radio 3) (S). 9.20 *Kleidoscope.* 9.59 *Weather.* 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop Listen. 7.30 Black Londoners. 8.30 All That Jazz 10.03 Late Night *London.* 12.00 As Radio 2. 12.05 am Question Time from the House of Commons. 1.05 Close. As Radio 2.

London Broadcasting

261m and 97.3 VHF

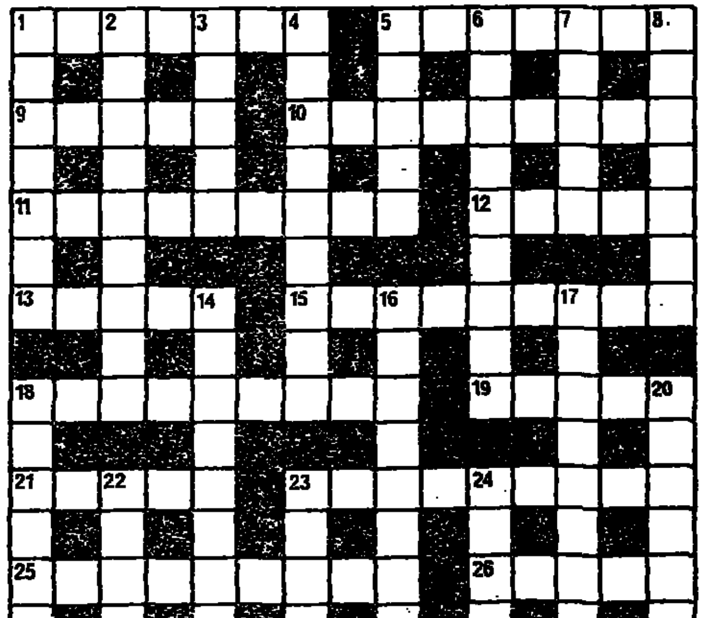
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport and review. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports. 8.00 After Eight with Ian Gilchrist. 9.00 Nightline with Bryn Jones. 1.00 am Night Extra with Adrian Scott.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,691



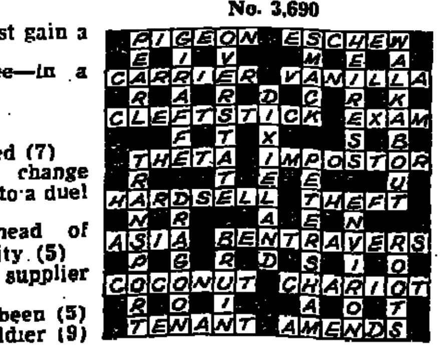
ACROSS

1 Bet on record amount of business in reserve (7)
5 The name used for gas? (7)
9 Hold forth about zero tax (5)
10 Autograph notice at river (9)
11 Extracts money from tipster for a drink (4, 5)
12 One more involved in a complex transaction (5)
13 Took food and nourishment initially but died outside (5)
15 Late month for sad music (4, 5)
18 Unusual rate more certain to come *from bursar* (9)
19 Undiluted gas in South-Wales town (5)
21 Bird that is below par (5)
23 Burning Frenchman in the making (9)
25 Spoil fish in eastern fat (9)
26 Extreme part of fateful tragedy (5)
27 Thin telegraphist must gain a pound (7)
28 Airman left in tree—in a sticky mess? (7)

DOWN

1 Weaver in bed thrived (7)
2 Left the French to change outside for summons to a duel (9)
3 Sediment around head of delta in Yorkshire city (5)
4 Cut more ancient fuel supplier (3-6)
5 Power, or may have been (5)
6 Shopkeeper winds soldier (9)
7 Grown-up gave notice last month (5)
8 Hook's associate going to south-western city for optical cleanser (3-4)
14 Pay no attention to Diana's respect (9)
16 Contract to change green team (9)
17 It's a relic that could be life-like (9)
18 Units accepting nothing in a flask (7)
20 Bird goes to prohibit Oriental poisonous plant (7)
22 Proceed with monarch to the south-east in furze (5)
23 Credit that is right for old announcer (5)
24 Type of accent for a copper *to note* (5)

SOLUTION TO PUZZLE No. 3,690



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. LONDON FESTIVAL BALLET. Ton't., Tomor., Thur. & Fri. at 7.30: Les Sylphides, Greening (new production), Scheherazade. Sat. at 3 & 7.30 & Mon. at 7.30: Conservatoire, Giselle. 96 Balcony seats available from 10 a.m. on day of perf.

COVENT GARDEN. CC. 240 1066. (Gardencharge credit cards 836 6903.) THE ROYAL OPERA. Tonight & Fri. at 7.30: Falstaff. Thur. at 7.30: Rigoletto (Kraus replaces Dvorsky). Sat. at 7.30: Madama Butterfly. Mon. next at 7.30: Luisa Miller. 65 Amphi' seats avail. for all perfs. from 10 a.m. on day of perf. Note: Personal Tel. bkgs. for July Ballet opens July 1 & Not June 1.

GLYNDEBOURNE FESTIVAL OPERA. *Until* Aug. 7 with the London Philharmonic Orchestra. Tomor., Fri. & Sun. at 5.30: Don Giovanni. Thur., Sat. & Mon. next at 5.30: Die Zauberflöte. Possible returns only. Box Office, Glyndebourne, Lewes, E. Sussex (0273 812411).

SADLERS WELLS THEATRE. Rosebery Ave. EC1. 837 1672. Last Week. Evgs. 7.30. Sat. Mat. 2.30. GONG SAWAN. Music and dances from Bali. "the experience not to be missed." Gdn. June 19 to July 1. FIESTA DE ESPANA.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.0. Sats. 4.0. IRENE. THE BEST MUSICAL of 1976, 1977 and 1978. IRENE. "LONDON'S BEST NIGHT OUT." Sunday People. ALREADY SEEN BY OVER ONE MILLION HAPPY THEATREGOERS. CREDIT CARD BOOKINGS 836 7611.

ALBERY. 836 3878. Party Rates. Credit card bkgs. 836 1971-2 from 8.30 a.m.-8.30 p.m. Mon., Tues., Wed. and Fri. 7.45 p.m. Thurs. and Sat. 4.30 and 8.00. "A THOUSAND TIMES WELCOME IS LIONEL BART'S MIRACULOUS MUSICAL." Fin. Times with ROY HUDD and JOAN TURNER. "CONSIDER YOURSELF LUCKY TO BE ABLE TO SEE IT AGAIN." Daily Mirror

ALDWYCH. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Tont. Tomor. 7.30 Low price preview Strindberg's THE DANCE OF DEATH. With Shakespeare's CORIOLANUS (next perf. 22 June) RSC also at THE WAREHOUSE (see under W) and at the Piccadilly Theatre in Peter Nichols' PRIVATES ON PARADE.

ALMOST FREE. 485 6224. "One Off" by Bob Wilson. Tues.-Sat. 1.15 p.m. Suns. 3.00 & 5.00 p.m. No show Mons.

AMBASSADORS. 01-836 1711. Nightly at 8.00. Mat. Wed. 2.45. PATRICK CARGILL and TONY ANHOLT in SLEUTH. The World-famous Thriller by ANTHONY SHAFFER. "Seeing the play again is in fact an utter and total joy." Punch. Seat Prices: £2.00 to £4.40. Dinner and Top-Price Seat £7.50.

APOLLO. 01-437 2663. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.00 and 8.00. DONALD SINDEN. "Actor of the year." Ev. Standard. "IS SUPERB." N.o.W. SHUT YOUR EYES AND THINK OF ENGLAND. "Wickedly funny." Times.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. "Hilarious . . . see it." Sunday Times. Monday to Thursday 8.30. Friday and Saturday at 7.00 and 9.15.

ASTORIA THEATRE, Charing X Rd. 01-734 4291. Mon.-Thurs. 8 p.m., Fri. & Sat. 6.0 & 8.45. ELVIS. "Infectious, appealing, foot-stomping and heart-thumping." Observer. Circle buffet open before and after show. Seats £2.00-£6.00. Half-hour before show best available seats £3.00. Mon.-Thurs. & Fri. 6 p.m. perf. only. Dinner and top-price seat £9.00 incl. BEST MUSICAL OF THE YEAR. EVENING STANDARD AWARD. Lunchtime Theatre daily at 1.15 p.m. June 12-23: "A SLIGHT ACCIDENT."

CAMBRIDGE. 836 6056. Mon. to Thurs. 8.00. Friday, Saturday 5.45 and 8.30. IPI TOMBI. Exciting Black African Musical. "The girls are beautiful, bare and bouncing." S. Mirror. THIRD GREAT YEAR. Dinner and top-price seat £8.75 incl.

CHICHESTER. 0243 81312. Tonight, June 16 & 17 at 7.00. June 15 at 2.00: A WOMAN OF NO IMPORTANCE. June 14 & 15 at 7.00. June 17 at 2.00: THE INCONSTANT COUPLE.

COMEDY THEATRE. 01-930 2578. For a Ltd. engagement June 20 to July 16. ALEC McCOWEN'S ST. MARK'S GOSPEL. "An unparalleled tour de force." S.Tms. Tues. to Sat. at 8.0. Sun. at 4.30. No pfs. Mondays. Seats £1.25, £2.25, £2.50, £3.00.

COMEDY. 01-930 2578. Evening 8.0. Thur. 3.0. Sat. 5.30, 8.30. MOIRA LISTER, TONY BRITTON, Margaret COURTENAY, Dermot WALSH. THE HIT COMEDY THRILLER. MURDER AMONG FRIENDS. "Blackmail, armed robbery, double bluff and murder." Times. "A good deal of fun." Evening News. Last Week.

CRITERION. 930 3216. (CC 836 1071-3) Evenings 8.0. Sats. 5.30, 8.30. Thurs. 3.0. NOW IN ITS SECOND YEAR. LESLIE PHILLIPS in SIX OF ONE. HALF-A-DOZEN LAUGHS A MINUTE. SECOND HILARIOUS YEAR. "VERY FUNNY." S. Tel.

DRURY LANE. 01-836 8108. Every night 8.00. Matinee Wed. and Sat. 3.00. A CHORUS LINE. "A rare, devastating, joyous, astonishing stunner." Sunday Times.

DUCHESS. 836 8243. Mon. to Thurs. Evenings 8.00. Fri., Sat. 6.15 & 9.00. OH! CALCUTTA! "The Nudity is stunning." Daily Tel. 8th Sensational Year.

DUKE OF YORK'S. 01-836 5122. Evenings 8.00. Mat. Wed., Sat. 3.00. JOHN GIELGUD in Julian Mitchell's A NATIONAL THEATRE PRODUCTION. HALF-LIFE. "Brilliantly witty . . . no one should miss it." Harold Hobson (Drama). Instant credit card reservations. Dinner and Top-price seat £7.00.

FORTUNE. 836 2238. *Evs. 8.00. Thurs. 3.* Sat. 5.00 and 8.00. Muriel Pavlow as MISS MARPLE in AGATHA CHRISTIE'S MURDER AT THE VICARAGE. Third Great Year

GARRICK THEATRE. CC. 01-836 4601. Evs. 8.0. Mat. Wed. 3.0. Sat. 5.30, 8.30. *TIMOTHY WEST, GEMMA JONES,* MICHAEL KITCHEN in HAROLD PINTER'S THE HOMECOMING. "BRILLIANT—A TAUT AND EXCELLENTLY ACTED PRODUCTION." D. Tel. "AN INEXHAUSTIBLY RICH WORK." Gdn. "NOT TO BE MISSED." Times.

GLOBE THEATRE. 01-437 1592. Evgs. 8.15. Wed. 3.0. Sat. 6.0, 8.0. PAUL EDDINGTON, JULIA McKENZIE, BENJAMIN WHITROW in ALAN AYCKBOURN'S New Comedy TEN TIMES TABLE. "This must be the happiest laughter-maker in London." D Tel. "An irresistibly enjoyable evening." Sunday Times.

GREENWICH THEATRE. 858 7755. THE GOLDEN CRADLE. Prev. Tonight 7.30. Opens Tomor. 7.0. Sub. evgs. 7.30. Mat. Sat. 2.30. Plays by Yeats Synge and Lady Gregory. For 2 Weeks Only

HAYMARKET. 930 9832. Box Office Now Open. Prevs. July 4 & 5 at 8.0. Opens July 6. 7.0. PAUL SCOFIELD, HARRY ANDREWS, ELEANOR BRON, TREVOR PEACOCK and IRENE HANDL in A FAMILY. A New Play by RONALD HARWOOD. Directed by CASPER WREDE

HER MAJESTY'S. CC. 01-930 6606. Evenings 8.00. Mats. Wed. & Sat. 3.00. BRUCE FORSYTH in LESLIE BRICUSSE and ANTHONY NEWLEY'S TRAVELLING MUSIC SHOW with Derek Griffiths. Directed by BURT SHEVELOVE. "It is packed to bursting point with the personality and sheer energy of Bruce Forsyth." Sun. Express. "The audience cheered." Sunday Telegraph.

KING'S ROAD THEATRE. 352 7488. Mon. to Thurs. 9.0. Fri., Sat. 7.30, 9.30. THE ROCKY HORROR SHOW. NOW IN ITS 5th ROCKING YEAR. The GREAT ROCK 'N' ROLL MUSICAL

LONDON PALLADIUM. CC. 01-437 7373. Mon., Tues., Thurs. and Fri. at 8. Wed. and Sats. at 6.10 and 8.50. THE TWO RONNIES. In a Spectacular Comedy Revue. ALSO SPECIAL SUNDAY PERFS. Sundays June 25 and July 16 at 5 & 8. Special Booking Hotline 01-437 2055.

LYRIC THEATRE. CC. 01-437 3686. *Ev. 8.0. Mat. Thurs. 3.0. Sat. 5.0* and 8.30. JOAN PLOWRIGHT, COLIN BLAKELEY. FILUMENA

MAY FAIR. CC. 629 3036. Evgs. 8.00. Sat. 5.30 and 8.45. GORDON CHATER "Brilliant." E.N. in THE ELOCUTION OF BENJAMIN FRANKLIN by Steve J. Spears. "A compassionate funny fiercely eloquent play." Gdn. LAST WEEK.

MERMAID. 248 7656. Restaurant 248 2835. Prev. Tonight. Opens Tomor. 7.30. sub. evgs. 7.30 & 9.15. EVERY GOOD BOY DESERVES FAVOUR. A piece for actors and orchestra by TOM STOPPARD & ANDRE PREVIN. Seats £4, £3 & £2. "A work of true theatrical genius." Sunday Times.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Ton't 7.30. Tomorrow 2.45 (red. price mat.) & 7.30 MACBETH. LYTTELTON (proscenium stage): Ton't 7.45 PLUNDER by Ben Travers. Tomorrow 7.45 Plenty. COTTESLOE (small auditorium): Ton't & Tomorrow at 8 LOST WORLDS by Wilson John Haire. Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bkgs. 928 3052. Air conditioning.

OLD VIC. 928 7616. PROSPECT AT THE OLD VIC. A Week of Sundays. June 11-17 *at 7.30 p.m.* Today, Wed., Thurs., Derek Jacobi, Isla Blair, Julian Glover, Harold Innocent in a Selection of Travellers' Tales THE GRAND TOUR: ("a jolly show." Guardian)... Fri., Sat. Derek Jacobi as Byron with Isla Blair, Julian Glover, Harold Innocent THE LUNATIC THE LOVER & THE POET ("*May it live a thousand years.*" The Stage). SUNDAY AT THE OLD VIC. June 18th 7.30 THE DAY OF THE DEAD. Graham Collier's jazz composition based on the writings of Malcolm Lowry. Prospect's TWELFTH NIGHT returns on June 19th ("an outstanding revival." *The Times*). *SAINT JOAN returns* June 22nd ("a great performance." The Times)

OPEN AIR, Regent's Park. Tel. 486 2431. A MIDSUMMER NIGHT'S DREAM. Evgs. 7.45. Mats. Wed., Thurs. & Sat. 2.30 with RULA LENSKA, IAIN TALBOT, ELIZABETH ESTENSEN, DAVID WESTON, HELEN WEIR, ANTHONY SHARP.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.0. Fri. & Sat. 6 & 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd Webber.

PHOENIX. 01-836 2294. Evenings 8.15. Friday and Saturday 6.00 and 8.40. "TIM BROOKE TAYLOR, GRAEME GARDEN make us laugh." D. Mail in THE UNVARNISHED TRUTH. The Hit Comedy by ROYCE RYTON. "LAUGH, WHY I THOUGHT I WOULD HAVE DIED." Sunday Times. "SHEER DELIGHT." E. Standard. "GLORIOUS CONTINUOUS LAUGHTER." Times.

PICCADILLY. 437 4506. Credit Card bkgs. 836 1971-3 8.30 a.m.-8.30 p.m. Evgs. 7.30. Sat. 4.30 & 8. Wed. mats 3.0. Royal Shakespeare Company in THE OUTRAGEOUS ADULT COMEDY by Peter Nichols. PRIVATES ON PARADE. "Riproaring triumph." S. Express. BEST COMEDY OF THE YEAR. Ev. Std. Award and SWET Award. FULLY AIR-CONDITIONED

PRINCE EDWARD. CC (Formerly Casino). 01-437 6877. Red. price previews. Today & June 20. 8.0. Sat. 5.30 and 8.30. Opening June 21. EVITA by Tim Rice and Andrew Lloyd Webber. With David Essex, Elaine Paige and Joss Ackland. Directed by Harold Prince.

PRINCE OF WALES. CC. 01-930 8681. Monday to Friday at 8 p.m. Saturdays at 5.30 and 8.45. LONDON AND BROADWAY'S COMEDY MUSICAL HIT. I LOVE MY WIFE starring ROBIN ASKWITH. "ALL JUST GOOD CLEAN FUN." Daily Express. CREDIT CARD BOOKINGS 930 0847.

QUEEN'S THEATRE. CC. 01-734 1166. Evgs. 8.00. Wed. 3.00. Sat. 5.00, 8.30. ANTHONY QUAYLE, FAITH BROOK, MICHAEL ALDRIDGE and RACHEL KEMPSON in Alan Bennett's THE OLD COUNTRY. BEST PLAY OF THE YEAR. Play and Players London Critics Award. Directed by CLIFFORD WILLIAMS.

RAYMOND REVUEBAR. CC. 01-734 1593. At 7 p.m., 9 p.m., 11 p.m. (opens Suns.) PAUL RAYMOND presents THE FESTIVAL OF EROTICA. Fully air-conditioned. 21st SENSATIONAL YEAR.

RIVERSIDE STUDIOS (748 3354). 13 June-2 July. A new play by Nicholas Wright TREETOPS. Gillian Barge, John Bluthal, Jumoke Debayo, Judith Harte, Lila Kaye, Bill Paterson, David [illegible] Jeff Wild

ROYAL COURT. 730 1745. Air cond. Prevs. from tomorrow at 8. Opens June 20 at 7. Subs. Eves. at 8. Sats. 5 and 8.30. FLYING BLIND by Bill Morrison.

ROYALTY. Credit Cards. 01-405 8004. Monday-Thursday evenings 8.00. Friday 5.30 and 8.45. Saturdays 3.00 and 8.00. London critics vote BILLY DANIELS in BUBBLING BROWN SUGAR. Best Musical of 1977. Bookings accepted. Major credit cards. Special reduced rate for matinees for a limited period only.

SAVOY THEATRE. 01-836 8888. Opening Tonight TOM CONTI in WHOSE LIFE IS IT ANYWAY? with JANE ASHER. "A MOMENTOUS PLAY, I URGE YOU TO SEE IT." Gdn. Evgs. at 8.00. Fri. & Sat. 5.45 & 8.45.

SHAFTESBURY. CC. 836 6596. Shaftesbury Ave WC2 (High Holborn end). Evgs. 8.0. Mats. Tues. & Sat. 3.00. JOHN REARDON in KISMET. "This musical has everything." S. Mir. CREDIT CARD BOOKINGS. 836 6597.

SHAW THEATRE. 01-388 1394. Evgs. 7.30. I'M TALKING ABOUT JERUSALEM by ARNOLD WESKER.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.0. Saturdays 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH. THE WORLD'S GREATEST LAUGHTER MAKER. GOOD SEATS £4.00-£1.50.

ST. MARTIN'S. CC. 836 1443. Evs. 8.00. Matinee Tues. 2.45. Saturdays 5 and 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST RUN. 26th YEAR

TALK OF THE TOWN. CC. 734 5051. 8.00. Dining, Dancing (Bars open 7.15). 9.30 Super Revue RAZZLE DAZZLE and at 11 p.m. LOS REALES DEL PARAGUAY

VAUDEVILLE. 836 9988. CC. Evs. 8.00. Mat. Tues. 2.45. Sat. 5 and 8. Dinah SHERIDAN, Dulcie GRAY, Eleanor SUMMERFIELD, James GROUT. A MURDER IS ANNOUNCED. THE NEWEST WHODUNNIT by AGATHA CHRISTIE. "Re-enter Agatha with another whodunnit hit. Agatha Christie is stalking the West End yet again with another of her fiendishly ingenious murder mysteries." Felix Barker, Evening News. AIR-CONDITIONED THEATRE

VICTORIA PALACE. Book now. 828 4735-6. 834 1317. STRATFORD JOHNS, SHEILA HANCOCK. ANNIE. Evgs. 7.30. Mats. Wed. and Sat. 2.45.

WAREHOUSE, Donmar Theatre, Covent Garden. 836 6808. Royal Shakespeare Company. Tonight 8.00 premiere prodctn. David Edgar's THE JAIL DIARY OF ALBIE SACHS. All seats £1.80. Adv. bkgs. Aldwych. Student standby £1.

WESTMINSTER. 01-836 0283. SENTENCED TO LIFE. By MUGGERIDGE and THORNHILL. "TRENCHANT HUMOUR." D. Telegraph. "SHARPLY TOPICAL." Financial Times. "Tremendous impact." NoW. Evs. 7.45. Mat. Weds. 3.00. Sat. 4.30.

WHITEHALL. 01-930 6692-7765. Evgs. 8.30. Fri. and Sat. 6.45 and 9.00. *Paul Raymond* presents the Sensational Sex Revue of the Century. DEEP THROAT

WINDMILL THEATRE. CC. 01-437 6312. Twice Nightly 8.00 and 10.00. Sundays 6.00 and 8.00. PAUL RAYMOND presents RIP OFF. THE EROTIC EXPERIENCE OF THE MODERN ERA. "Takes to unprecedented limits what is permissible on our stage." Evg. News. 3rd GREAT YEAR

WYNDHAM'S. 01-836 3028. Credit Card Bkgs. 836 1071-2 from 8.30 a.m. to 8.30 p.m. Mon.-Thurs. 8. Fri. and Sat. 5.15 and 8.30. "ENORMOUSLY RICH VERY FUNNY." Evening News. Mary O'Malley's smash hit Comedy ONCE A CATHOLIC. "Supreme comedy on sex and religion." Daily Telegraph. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. New Company—New Season. BARTHOLOMEW FAIR. Prevs. from Thurs. 7.45 eves.

CINEMAS

ABC 1 & 2, SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: GRAY LADY DOWN (A). Wk. & Sun.: 2.00, 5.20, 8.20. (Last 2 days.) 2: THE GOODBYE GIRL (A). Wk. & Sun.: 2.00, 5.10, 8.10.

CAMDEN PLAZA (Opp. Camden Town Tube). 485 2443. Brigitte Fossey in LES ENFANTS DU PLACARD (AA). 3.05, 5.00, 7.00, 9.05, 11.00. Final Week. Must End 15 June.

CLASSIC 1, 2, 3, 4, Oxford Street (Opp. Tottenham Court Rd. tube). 636 0310. 1. Alan Bates, John Hurt THE SHOUT (AA). Progs. 2.30, 4.35, 6.40, 8.45. 2. THE GODFATHER PART II (X). Progs. 3.00, 6.50 feature 3.25, 7.15. 3. Last 2 days Walt Disney's JUNGLE BOOK (U). WAHOO BOBCAT (U). Progs. 1.30, 3.45, 6.00, 8.20. 4. Bertolucci's 1900 Part 1 (X). Progs. 2.15, 5.15, 8.15. From Thurs. Bertolucci's 1900 Part 2 (X).

CURZON, Curzon Street, W.1. 499 3737. PARDON MON AFFAIRE (X). (English sub-titles). Progs. Today at 6.10 & 8.30 only. LAST 2 DAYS. Fully air conditioned

LEICESTER SQUARE THEATRE (930 5252). COMING HOME (X). Sep. progs. Mon.-Sat. 1.30, 4.45, 8.10. Sun. 3.30, 7.45. Seats may be booked in advance for 8.10 prog. Mon.-Fri. & all progs. Sat. & Sun.

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ODEON LEICESTER SQUARE (930 6111). CLOSE ENCOUNTERS OF THE THIRD KIND (A). Sep. progs. Dly. Doors open 1.05, 4.15, 7.45. Late show Fri. & Sat. Doors open 11.15 p.m. All seats may be booked.

ODEON MARBLE ARCH. (723 2011/2). THE BETSY (X). Sep. progs. Mon.-Sat. 1.30, 4.45, 8.15. All seats bkble. except 1.30 perf. Mon.-Sat.

PRINCE CHARLES, Leic. Sq. 437 8181. MEL BROOKS HIGH ANXIETY (A). Sep. Perfs. Dly. (inc. Sun.) 2.45, 6.15, 9.00. Late Show Nightly 11.45. Seats Bookable. Licensed Bar.

Paris Theatre

Louise Michel and Beckett

by GARRY O'CONNOR

Louise Michel was a 19th-century working-class feminist destined sooner or later to surface, as she has at the Théâtre Bruyère in Dominique Houdart's eponymous play based on her writings. She is shown rigidly and unwaveringly invincible, from her standing up to the decrepit symbols of the 2nd Empire, through the Franco-Prussian War, the Siege of Paris, and the days of the Commune, her exile to New Caledonia, to her return home to further prison sentences (and a meeting with Marx's son-in-law). Like a Henry V placed a whole evening instead of a single scene before the walls of a capitalist, *burgeois*, Harfleur, she is frozen for ever on the same scaling ladder.

Yet if the content of Mlle. Houdart's ideas leaves much to be filled in, in execution she weaves with the means at her disposal a careful and fascinating texture. A timber-framed *proscenium* within a proscenium has been built on the stage of the Théâtre Bruyère and here *dozens* of puppets of differing sizes and condition, some on strings, some as gloves, some *merely held*, make their entrances and exits, surrounded by their manipulators, who are *visible*. *Louise Michel herself* is played by Jeanne Heuclin, who delivers songs and exhortations with panache, but the real value of this evening lies in the illustrative material, the "slides," so to speak, in this didactic "lecture."

These are the puppets themselves, which give an authentic effect of 19th century caricatures and wood-cuttings, cavorting and gesticulating with eerie effectiveness, while the Chinese lantern effects of the days of the Commune, and the incidental music, are also good value. But with many Parisians complaining they would never be rash enough to go to the theatre these days because the quality is so low, and with half a dozen Brecht plays, or Brechtian affiliates, running such as this (there were less than 20 in the audience) it is hard not to believe that Paris theatre may be dying from a surfeit of working-class heroes, while the authentic French heroes (at present) are the paratroops of the 2 R.E.P.

But the Théâtre d'Orsay does have an ambitious Beckett triple bill running, which is filling houses, as is Roger Blin's production of *Waiting For Godot* at the Comédie-Française. In spite of such establishment treatment, Beckett, I am glad to say, still provokes irritation bordering on violence in some of his audences: the performance I attended at the Orsay was marred by a series of *insolite* spectators who brought Madeleine Renaud to a standstill, and who were finally ejected in a series of scuffles. The cause for provocation was not Madeleine Renaud but a long and tedious mime previous to her *appearance* called *Histoires*, inspired by the works of Beckett and performed by the Théâtre du *Labyrinthe*, a vague evocation of objects, people, and their "territories," full of the kind of pious pretension to which Beckett's works sometimes lend themselves.

The substance of the evening, was, however, *Pas Moi*, unerringly well mouthed by Mme. Renaud, her stride regathered, her beat unbroken even by the interruptions. It was uncanny how the mouth itself, which is all we see of Mme Renaud, suddenly disburdening *itself of words after* a lifetime of silence, seemed to grow in size, almost to become a *person, through the suggestive* powers of her voice.

Mme Renaud teamed up with the outstanding actress Delphine Seyrig for the world premiere of *Pas* (literally "steps" but translated as *Footfalls*, echoing the evocative word used by Eliot in *The Four Quartets*). The author directed this, as he had *Pas Moi*, and it is in three short parts: first May has a talk with her mother who is invisible (spoken by Mme Renaud); then the mother's voice addresses May while May marches backwards and forwards on the stage. Finally May, hedged all this time by darkness, faces the audience, delivering a snatch of narrative concerning a parallel mother-and-daughter relationship. Mlle Seyrig's shuffling gait and poignant eyes, her soft, clipped, delivery, could not be improved on.

Pas remains an enigma, at least to this critic. Martin Esslin, in a note in the programme, praises it for its perfect economy, writing that "economy is one of the *hallmarks of supreme art*," but I wonder if endless and colourful profusion would not sometimes serve better.

This, at least, is what we have in Jérome Savary's *1,001 Nuits*, just opened, also at the Théâtre d'Orsay, in which Savary's free wheeling adaption of stories from the Arabian Nights is intermixed with street-corner café encounters in a Paris suburb. The evening is noisy, unrelenting, and a little long, but even so it is full of some good visual jokes (they show mock dummies of men of the 2 REP descending to rescue wives in distress, which won a resounding cheer), and the anarchic spirit is deeply refreshing, unified as it is, by the disarming quirkishness of Savary's imagination.

Hamilton show

Richard Hamilton, the British painter, is organising an exhibition at the National Gallery called *The Artist's Eye*. It will open to the public on July 5 and continue until August 3.

It will include his painting/collage *My Marilyn* (1965) which features Marilyn Monroe, and a personal selection of pictures from the National Gallery Collection. The Arts Council film *Richard Hamilton* will be shown at 4 p.m., Monday to Friday, throughout the exhibition.

This is the second in the series of *The Artist's Eye* exhibitions in which a modern artist is invited to make a choice of Gallery paintings to be displayed with one of the artist's own works. The series was inaugurated by the sculptor Anthony Caro in 1977.

London Exhibitions

Summer delights

by DAVID PIPER

Two of the perennials of London's summer effulgence are the exhibitions put on by the two senior dealers in old masters, at the Piccadilly end of New Bond *Street*, *Agnew* and Colnaght. Dealers may complain of the scarcity of fine paintings, but this year these two shows are up to standard, even if the incidence of actual masterpieces is not so marked. At Agnew (till July 28; not Saturdays, but open Thursdays till 7 p.m. instead of 5.30) a big Cuyp presides in the serene certainty of sheer quality wonderfully preserved. Not that the subject matter will astonish you—as so often, it is cows, estuary and a boat or two; a spit of earth, a broken fence; water and sky. But above all light and air. The benign and elegaic magic that Cuyp at his subtlest could distil out of these everyday elements into a peace certainly beyond all understanding, is one of the miracles of European ideal landscape art—even Claude has to be at his best to surpass Cuyp at his best.

At Colnaghi (till July 7, 10-6, Saturdays 10-1), the outstanding picture could not be more opposite in mood—by a Dutchman likewise, Dirck von Baburen, but painted earlier in the century, about 1615, and in Rome—and exercising with brilliant control the language of Caravaggesque drama. It is *The Capture of Christ*: a subject, with its torchlight setting at night, its opening in violence of the story of The Passion, dear to the *tinebros*. The complex, seething composition is handled with astonishing assurance (the painter died perhaps even before he was 30). It is resolved from two sources of light—the flaring torch, high above the head of Christ, bowed in submission, almost tenderly, into Judas' embrace; a dark lantern below, opened to spill light on the frantic gesture of Malchus, fending vainly at the knife that will lop his ear. Dutch and Flemish 17th century painting is well represented at Colnaghi: a little Belshazzar's Feast by Bramer, elegantly Italianate but foreshadowing comparable effects by the young Rembrandt—and a Rubens study of two Emperors' heads. Magnificently drawn, formidably characterised, they provoke the modern onlooker nevertheless to speculation as to what kind of imperium they were the ideal embodiment of—Nero and Galba they are, true bully-boys. In vividness of character, they are matched by a little early Italo-Flemish panel of a merchant attributed to Ambrosius Benson—a flat-headed low-brow bourgeois merchant, be-ringed with material prosperity, shrewd yet also somehow vulnerable—one wonders indeed whither the *missing pendant*—that of his wife to whom be must be offering a ring—has strayed. The portraits at Colnaghi are indeed good—a dour Philippe de Champaigne (rare and underestimated in this country); a sultry young man by Carlo Dolci; and a magnificently fresh young English *grand tourist*, William Fermor, painted by Mengs in Rome in 1757—*the bloom on the shoulder* of his red velvet coat succulent as a fresh peach.

Detail from 'Nero and Galva' by Rubens

Both Colnaghi and Agnew show staples of collector's delight in the grand flower pieces, the still-lifes. Both have a Rysdael, and both delightful examples of those frailer, wonderfully decorative landscapes, less or more Italianate, spiritual ancestors of Gainsborough in his arcadian lyric mood of about 1760 — lilting hackaert of a hawking party on horses, dappled with woodland sun (Agnew); a big and airy Wynants of a river valley (Colnaghi).

Agnew has among three Guardis (two of that delightful postcard size), a luminous hazy vision of San Giorgio Maggiore, all awash with light and water as if held just this side of sinking by sheer faith; there are a few portraits here, but among them the account of a young lady in a classical garden by Karel de Moor takes a theme more generally associated with Netscher, but in terms of a girl aged every day of 12 posing with delicious insouciance as if fully adult. A saturnine wholelength of a very grand gowned Genoese aristocrat, last seen (somewhat worryingly) at Brussels in 1965 as by Van Dyck, is here ascribed much more convincingly to a Genoese follower, G. B. Carbone; *which being settled, the dignity* and accomplishment of the portrait are all the more impressive.

Two enterprises by national museums are to be saluted. One permanent one—the Victoria and Albert—has reached up through the Piranesian tangle of its upper stories and dislodged its oil paintings from its aerial attics where they resided. The paintings are now installed immediately to the right of the front door: not an ideal situation (at basement level, and so, artificially lit — volleys of spotlights) but overall a great gain, instantly accessible instead of needing exploration. For here is one of those strange anomalies that infuriate or delight the curious London perambulator. Here is what was meant to be the National Gallery of British Art (and was, until the Tate bloomed on Millbank) based on the rich collection of mainly Victorian paintings collected by Sheepshanks. Here is the collection of Greco-Mancunian Ionides (d. 1900), including perhaps the strangest pictorial confrontation in all London: a shrine of family portraits by G. F. Watts might serve as ikonostasis, beyond which a superb hallucinatory Louis le Nain confronts Degas's extraordinary medley of Parisian *audience, the orchestra's musical* instruments, the ghostly nuns on stage, at a performance of *Meyerbeer's Roberto il Diavello;* across them Delacroix's claustrophobic study of the doomed *shipwreck boat from Don Juan* confronts a serenely nostalgic Poussin school-piece of an *artist drawing among ruins. And* beyond these (and not in the Tate as you might expect) is the *finest display of Constable in the* world: one case, that with his little oil studies of Brighton (*"done on the lid of my box on* my knees as usual") shown unframed, seems to catch the artist actually at work, and the immediacy and vividness of that delight alone should exhilarate anyone for a whole day or more.

Finally, an admirable exercise by the National Gallery in aid of Birmingham's dauntless campaign (deadline July 11) to salvage two of the Canalettos of Warwick Castle sold from the Castle. The two can now be seen in the National Gallery Boardroom. It is just about the first time that it has been possible for the public to study these crystalline masterpieces properly; unless £77,000 more is found, it will also be the last time that one of them will be visible in this country. A large collecting box is conveniently placed by the pictures.

Elizabeth Hall

Christoph Eschenbach

by DAVID MURRAY

Mr. Eschenbach's piano recital on Sunday began and ended with well-loved Beethoven sonatas, framing early Schumann and Berg. The Berg was of course his op. 1 Sonata (sadly, he wrote nothing else for solo piano), to which Eschenbach's nervous sensitivity is ideally suited. He maintained a sense of shuddering development through all its fitful tempi and its exacerbated harmonies: his drained *pianissimos* were peculiarly intense, and the power of the stabbing climaxes was judged *to a nicety*. *The formal* silhouette of the piece is not often projected so clearly, nor its fraught *inner* voices *so* delicately separated.

Where inner parts carry some rhythmic energy *Eschenbach* seems content to give a general effect: he flicks at them, or just skitters. *The Schumann* pieces lost something by that, though their confiding lyrical tone was confidently held. *Schumann's* op. 1, the "Abegg" Variations, sounded wistful from start to *finish, with gossamer flurries in* the quick variations; but its sturdy passage-work was devitalised, and some of its neat *little* jokes were too limply turned to click. The rarely heard Allegro in B minor, op 8, was given a firm overall shape — no easy matter, for despite its origin in an intended sonata its design is odd and elusive: a welcome resurrection. All the same, one could not banish the thought that Schumann's piano writing was planned for tougher fingers.

Gerald Larner's programme-notes have been a consistent pleasure in the current South Bank Piano Series, and this time *he drew upon Rousseau for clarification* of what Beethoven would have understood by *Pathétique* when he applied it to his op. 13 Sonata: epically emotional, but not necessarily grief-laden or slow. (There's no reason to assume that it must have meant something different "to a Russian composer at the end of the 19th century," merely on account of Chaikovsky: when Skryabin wrote "patetico," as he often did, it was rhetorical passion he had in mind.) Eschenbach's account of the "Pathétique" offered extremes of tempi, and an extreme rubato in the opening *Grave*: the Adagio cantabile was sweetly restrained, the Rondo wan and ambiguous.

Finally, the "Waldstein" Sonata was less a business of relentless energy than of continuous anxiety, less driving than driven: an interesting and consistent reading, with the second subject skilfully managed so as to emerge glowing from the nervous flow without breaking it. The preface to the Finale was explored in still suspense, and Eschenbach sustained the worried, provisional feeling far into the Rondo itself. Probably he aimed at scintillating confidence in the Prestissimo, but the uneven flicker of his semiquavers compromised any such effect. Not a misfire, exactly, but it made a strangely qualified conclusion, a tentative triumph.

Elizabeth Hall

Beaux Arts Trio

by DOMINIC GILL

The Beaux Arts Trio are not merely America's finest piano trio, but one of the great chamber ensembles of the world. It is no inflated praise to compare them to the great ensembles of the past, to whom they are natural heirs—the trios of Thibaud-Casals-Cortot and Rubinstein-Heifetz-Feuermann. The Beaux Arts' appearances in London these days are far too rare—but their recital on Sunday was both confirmation and compensation of a kind: an evening of pure delight from start to finish.

They began their programme with the late Haydn C major trio (No. 27), striding out in the first movement with a fine, resilient spring, warming the andante with gentle contrapuntal conversation, throwing off the finale as a sparkling tour de force, brilliantly led and sustained by the pianist Menahem Pressler. The Haydn C major has always been one of the Beaux Arts' special party-pieces: and they have long been champions too of the Mendelssohn trios, still both much-neglected. Their account of the D minor trio was a marvel of fire and suppleness, of flexibility of phrasing and easy rubato: the andante touching above all for its simplicity and economy; the finale, taken very fast and light, an insistent, mesmerising play of light and shade.

The Beaux Arts ended with Schubert's B flat trio: a miraculously whole and coherent performance, illuminated on every page by flashes of dark and loving poetry. The andante and Rondo especially showed their greatest quality: a freedom to indulge in quite extreme individual as well as collective rubato—in this sense they are an "old-fashioned" ensemble — without any loss of clarity or the least hint of expressive strain. The four movements emerged as a single span, delivered without hesitation: gripping unanimous argument, fresh and buoyant, not one gesture hollow, nor one essential note false.

Bergen Festival

The Marowitz Hedda

by OSSIA TRILLING

Charles Marowitz has struck again. *After Hamlet*, and his other Shakespearean collages and "free adaptations," and a similar treatment accorded to Büchner's *Woyzeck*, which he *also staged in Norwegian* in Bergen three years ago, it seemed logical that he would want to tackle Ibsen's *Hedda Gabler* in like manner. Something peculiar to the Norse sense of humour undoubtedly made the Bergen Festival pick on him to stage the world premiere of his latest collage, called simply *Hedda*, during the 150th Ibsen celebrations at the National, the very theatre where Ibsen himself once worked as "dramaturg" and director.

Norway warmed to Hedda. The Oslo reviews were rapturous. Only a couple of Bergen critics *demurred*. *Hedda*, unlike earlier Marowitz collages, introduces characters and scenes that Ibsen's play leaves to our imagination; though, according to Marowitz and to Liv Schoyen, his Norwegian co-adaptor and co-director, every word spoken is Ibsen's own. Hedda's odd behaviour and motives are ingeniously linked by bringing on old General Gabler, the ailing Aunt Rina, and the "naughty" Miss Diana in her demimonde world.

Tesman's subservience to his aunts, as boy and adult, is made explicit by linking them with *an umbilical* cord which becomes a skipping rope to which he has to dance. The General, in a silver uniform, returns from the grave like Mozart's wronged father in *Don Giovanni*, not only to admonish his unruly daughter but also to receive her Oedipal caresses, which she also lavishes simultaneously on her husband and on her lover. It is the General who fulfils his daughter's unconscious desires by firing the legendary pistols at all and sundry on her behalf.

Most revealing of Hedda's thwarted nature is the reconstructed brothel-scene, seen, as all else, through Hedda's eyes. Here Hedda can change places with Miss Diana and cast herself, as it were, in her rival's role and into Lovborg's arms. The fracas, only reported by Judge Brack in Ibsen, here actually takes place as in a comic movie of silent days, one of several extremely funny moments in the 75-minute-long show. John-Christian Alsaker's set, a circular sloping white disc, that shatters like an egg-shell at the climax, makes it clear that everything we see has been taking place in Hedda's mind. The whole evening is as much a triumph for its devisers as it is for the striking Janny Hoff Brekke in the title-role.

A ball game, with Lovborg's manuscript as the ball, in Charles Marowitz's 'Hedda'

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Cuba's African adventures

THE TRUTH about last month's invasion of Zaire's Shaba province will probably not be known for a long time, if ever. It has now emerged that Mr. Fidel Castro, the Cuban President, told the U.S. some weeks ago that he had tried to prevent the rebels' incursion. Washington, on the other hand, continues to maintain that the attack was mounted with Cuban connivance, if not active encouragement. However flimsy Washington's evidence, there is no doubt that *the Cubans are effectively in* control of Angola, whence the invasion was launched, and it can only be assumed they had some hand in training the rebel forces. Whether they then positively encouraged the Katangese to cross the border is of only marginal relevance to their longer term objectives in Africa.

Long-term policy

It would be wrong to see Cuba's African role simply as that of a Soviet cat's paw. It is true that President Castro has drawn much closer to Moscow *over the past 10 years or so.* But it is equally true that Cuba has its own independent reasons for adventurism. President Castro has made it quite clear that Cuban troops are in Africa as a result of long-term policy and ideological considerations and that they are *not going to be withdrawn* in the foreseeable future. He makes no secret of their availability for future operations in Namibia, Rhodesia and ultimately South Africa.

It is not hard to speculate on the underlying reasons for this. Cuba remains relatively isolated *in the Western hemisphere and* President Castro's revolution has not ignited the widespread uprisings throughout Latin America that he once so confidently predicted. Domestically, Cuba still faces the familiar social and economic problems of most developing countries. A *foreign adventure* has long been one of the traditional methods of diverting attention from internal difficulties, and quite apart from shorter-term considerations. President Castro wants to be remembered as a historic revolutionary figure. It is clearly attractive to him to *pose as the hero of the African* liberation movement.

Cuban objectives thus dovetail neatly with those of Moscow. It is unlikely that the Soviet Union has an overall grand design for Africa. It is quite obvious, however, that the Russians prefer to see Communist-*leaning regimes installed where* possible, and that they regard changes in the existing power structure as generally to their advantage. Moscow apparently believes political disruption in almost any form to be in its long-term interests — the more so when it occurs in an area vital to the West's supplies of raw materials.

That is no reason, however, for the West to be panicked into over-reacting. Mr. Callaghan was *right at the recent* NATO summit to urge his colleagues to proceed with caution, even if he did so in an unnecessarily patronising manner. The history of Soviet-Cuban intervention in Africa is not a total success story. The Soviet Union has, at least for the time being, lost its foothold in Somalia, and there are reports of growing divisions between Moscow and Havana over the Ethiopian campaign against the Eritrean separatists. *It is unlikely that the Angolan* Government could survive if Cuban forces were to withdraw, and the Cubans have so far avoided confrontation with white or Western troops. If a number of American hardliners see an imminent threat to the West, the military assess*ment in Washington is that the* balance of forces has not so far been seriously altered.

Justification

It is, in any case, hard for the West to try to deny independent Governments like that of Ethiopia the right to solicit out*side military* aid to defend their frontiers. That was, after all, the main justification for France's action against the Zaire rebels. It is a card that the West will want to keep up its sleeve for possible use again in the future. Whether or not the invasion of Shaba province was condoned by the Cubans, it provided a useful opportunity for the West to signal that it will not put up indefinitely with Soviet-Cuban mischief-making. It will not make the Cubans go home. But the vehemence of President Castro's denial of Cuban involvement at least shows some *concern* at Western reactions to his African activities.

State subsidies at risk

ATTEMPTS TO counter the growing resort by more and more countries to the use of subsidies to aid ailing industries are being made both in the preparations for the Bonn summit meeting of the seven *leading industrial nations next* month and in the Tokyo round of GATT trade negotiations where it is hoped to reach a basic political agreement in time for the meeting at Bonn. At the latter meeting, the U.S. and West Germans will press the other governments present to agree to limit state aids as part of a wider package of measures to boost the world economy, while in the GATT talks the question of industrial subsidies is seen as an essential part of a new international agreement covering both tariffs and non-tariff trade barriers. *The common thread is the grow*ing concern at the extent to which world trade is being distorted by subsidies and other forms of protection.

Spread thinly

For the British Government, which has become one of the *main sinners in this regard*, the issue is of some considerable political sensitivity, particularly with an election in the offing. As in other countries, there has been a *growing feeling that* the costs of the traditional commitment to a liberal trade policy can be too high in terms of unemployment and the disruption experienced by industries particularly exposed to import competition. Politically and socially, this feeling may be understandable for the advantages of trade liberalisation are spread widely and thinly and are not easy to pin down, while the disruption caused by up*surges in imports* during the recent years of relatively slow growth in world trade have been considerable. But the need for quicker-acting and more selec*tive safeguards against surges* in imports which cause economic damage has been well recognised in the current GATT round and is quite separate from *the argument about the* use of state subsidies.

The danger in resorting to state aids for industries facing import competition lies in the risk of confusing cause with effect — in believing that imports are sponsible for the weakness of a particular sector rather than, as may often be the case, the consequence of a deterioration in competitiveness. Unless aids are limited strictly to the promotion of structural improvement, a vicious circle *may be established*.

The effects of protection cannot, moreover, be confined. Costs to other industries and to the final consumer are increased. The saving of jobs in uncompetitive industries can thus make more difficult the creation of jobs in industries with a future. *Other sectors facing im*port competition will clamour for similar treatment. There will be the risk not only of retaliation but also of emulation in other countries.

As the experience of the European Community has demonstrated, it is not at all easy to *police international rules on the* use of state aids. The U.S. and the West Germans do not expect Britain and other governments to cease granting subsidies altogether but they want their use subjected to effective discipline. This inevitably raises the question of making state aids *both specific and transparent*, matters on which the European Commission in Brussels has been labouring hard, without very much success, for some years. It is not easy, for instance, to pin down the precise effects of tax concessions, guarantees, and cheap loans, while the financial arrangements that are often made between governments and state-owned industries and companies can be even more difficult to unravel.

Outlets

The first requirement, however, is for governments to recognise that in the end no one can win from international competition in subsidisation. The process of adjusting to changing patterns of trade in the last few years of world recession have been difficult. But adjustment is likely to be a long and continuing process as more countries in the third world seek outlets for their new industries in the markets of the developed nations. The forthcoming meetings will present an opportunity for securing a basic international understanding on the use of subsidies which may not rise again for a very long time.

The tyre industry rides the import-export roundabout

BY STUART MARSHALL

THE FLOOD of imports of low priced East European tyres into this country has prompted the British Rubber Manufacturers Association to present the EEC with an anti-dumping plea later this month. Britain's tyremakers *say the imports are* undermining their home market. Unquestionably, they are doing considerable harm, but the real causes of the tyre industry's lack of profitability lie deeper.

In essence, the industry has the installed capacity to manufacture more tyres than its customers need. A ruthlessly competitive marketing system ensures that it has great difficulty in selling them at realistic prices.

The problems which have taken most of the profit out of tyre making began some years ago with the ending of resale price maintenance, which turned what had been a carefully controlled business into one with price-cutting as its main selling weapon. This coincided with the motoring boom of the 1960s. Most tyres were still of crossply construction and they wore out quickly enough to maintain replacement demand at a high level.

So, despite discounting, tyre manufacture and marketing *remained profitable*. The tyre safety regulations, introduced in 1968, further fuelled the boom. Sales of imported tyres were still so small as to be irrelevant.

In the early 1970s, the longer-lasting radial tyre began to affect the situation but the continuing growth of car ownership kept tyre sales buoyant.

For the tyre industry, the oil crisis which began in late summer of 1973 was a disaster. Car production fell, which reduced demand for originally fitted tyres. Speed limits and soaring fuel prices reduced vehicle *mileage and lowered demand for* replacement tyres. And the cost of oil-based materials from which tyres are largely made increased enormously.

The oil crisis, and the economic recession it sparked off, could hardly have come at a worse time for the industry because by then the effect of the radial tyre — and specifically the steel belted type — was beginning to bite. The industry's *favourite indicator, the tyre* replacement factor, tells the story.

Although the number of cars and vans in Britain grew from 14.1m to 15.2m in the three-years period 1972-75, replacement tyre sales dropped from 22.4m. to 19.4m. The tyre replacement factor (the number of replacement tyres sold divided by the number of vehicles) fell from 1.59 to 1.27.

The number of vehicles has continued to rise since the worst days of the recession but the tyre replacement factor has further declined. This year, it is likely to reach 1.26 (compared with 1.3 in 1977). As tyre technology advances, *there is no* hope that the trend will be reversed unless tyre safety legislation — and its standard of enforcement — is toughened.

At present, the tyre manufacturing and distributing industries (through their official bodies the British Rubber Manufacturers Association and the National Tyre Distributors Association) are campaigning for more stringent tyre safety standards. In particular, they want to see the tyre with a legal amount of more than 1 mm pattern across 75 per cent of its tread but with one bald shoulder made illegal.

Barring any spectacular change in the tyre safety laws, it looks as though the annual car/van tyre replacement market in Britain has settled down at around 20m units a year for some time to come. The number of vehicles will undoubtedly increase but the tyre replacement factor, due to constantly improving tyre technology, will maintain its slow decline.

The steel-belted radial, which lasts up to 25 per cent longer than a textile-belted radial and more than twice as long as a crossply, is now almost the standard kind of car tyre. In 1972, only one replacement *radial in three was steel belted*. This year, the replacement figure will be well over 50 per cent, and rising fast. The steel-belted radial tyre will account for between 85 and 90 per cent of original equipment purchases by the car makers this year. It will probably take between two-and-a-half and three years before the majority of them are due for renewal—and their *replacements* will be more steel tyres.

If the prices realised for advanced technology steel-belted radial tyres were related to their mileage potential—vastly greater than that of the *old-fashioned crossply tyre*—the industry would be happier. But unfettered competition in the marketplace has ensured that the "steel" tyre is sold too cheaply.

The reasons are complicated. Few industries can match the tyre industry's anarchic *marketing* arrangements. *Tyres* are sold through many different types of outlet. The main ones are specialist tyre distributors. At one time they were primarily wholesalers but in the last decade they have entered the retail tyre business so successfully that they handle an estimated 70 per cent of sales compared with the garage trade's 30 per cent. That is a complete reversal of the historic position.

THE BRITISH TYRE MARKET

	Cars and vans in use	Total replacement tyre sales (new and remould) for cars/vans	Tyre replacement factor
1973	14,943,000	22,451,000	1.50
1974	15,126,000	19,661,000	1.30
1975	15,273,000	19,423,000	1.27
1976	15,537,000	20,236,000	1.30
1977	15,805,000	20,200,000	1.29
1978*	15,950,000	20,500,000	1.28

* Estimate

And the distributors, once sturdily independent, are now in the main owned by the tyre *manufacturers. This process of* vertical integration was started in the late 1950s by Dunlop and every other manufacturer followed suit. Dunlop's National Tyre Service is now the biggest organisation of its kind in Europe, with about 450 outlets. Some are of modest size with a turnover of perhaps £100,000-worth of tyres a year; others do that amount of business each month.

Other large manufacturer-owned retail chains are Associated Tyre Specialists (Michelin), Tyre Services (Goodyear), All Tyres (Firestone), Central Tyres (Pirelli) and Motorway (Avon). Together, they outnumber the independent specialist retailers and handle an estimated 65-70 per cent of replacement tyre sales.

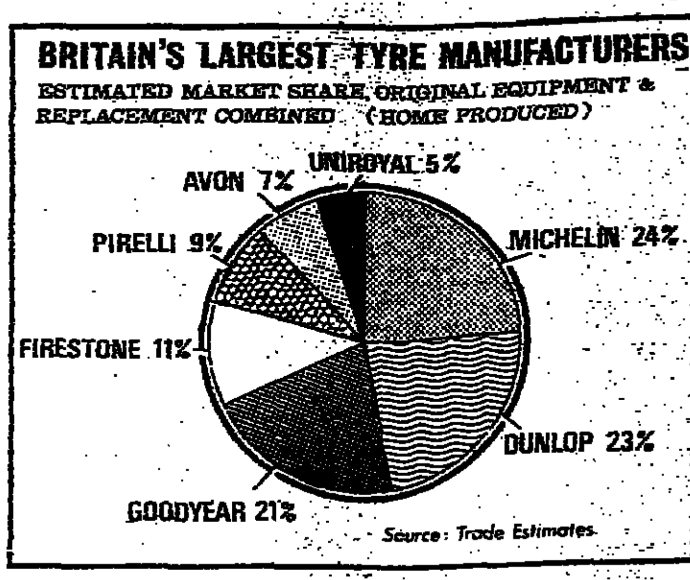
In the U.S., manufacturer-owned "equity" outlets handle only company brands, but the British "equity" tyre specialist deals in all kinds of competitive tyres, though managers are expected to favour parent company brands if they can.

The specialist outlets — whether manufacturer-owned or independently run — and the garages have more than 90 per cent of the replacement market. However supermarkets and hypermarkets like Asda, Woolco and Carrefour are a rising force. To the chagrin of the distributive trade, the tyre manufacturers rushed to supply the hypermarkets direct, even though they are in direct competition with their own equity outlets and with the independents.

It is against this background of profit-eroding competition that the threat from cheap imports has to be seen. Their rise has been startling. Total imports from the Eastern bloc (and these are what the BRMA is complaining about) were only 70,000 units each worth an average £2.19 landed in 1970.

BRITAIN'S LARGEST TYRE MANUFACTURERS

ESTIMATED MARKET SHARE, ORIGINAL EQUIPMENT & REPLACEMENT COMBINED (HOME PRODUCED)



Source: Trade Estimates

Last year they amounted to 700,000 units worth £4.82 apiece. British tyre manufacturers say British ex-factory prices are higher than the landed prices of these East *European tyres and that they* must therefore be dumped.

There is considerable evidence to support this contention. *Although the Eastern bloc tyres* do not match the quality of British tyres—the latter are as good as any in the world—their material and labour content is broadly similar. Even though the imports' landed price bears negligible promotional costs and considerably less research *and development* charges, the difference between their price and that of an equivalent British tyre is not easily explained, at any rate by western accounting techniques.

East Germany's share of this ten-fold increase in the volume of imports has been by far the *largest. Imports of Pneumant* tyres from its state-owned factory rose from 18,000 in 1970 to 503,000 last year. A growing proportion of them are all-steel radial tyres for heavy lorries with a retail value in the region of £100 apiece.

Curiously, East European *tyres are being produced with* the aid of western technology. For example, Taurus tyres from Hungary are made in a plant which depended heavily on technology from Semperit of Austria. Nearer to home is a recent multi-million pound tyre making know-how deal between *the USSR and Dunlop-Pirelli*.

In the past ten years the group has supplied £165m worth of plant, machinery and tech*nology for rubber* manufacturing to the USSR. So far, most of the resulting output has been used by the Soviet motor-vehicle industry and only a trickle of Russian tyres have sold against the British product in Britain.

But the latest five-year agreement between Dunlop-Pirelli and the Russians is worrying some sections of the British tyre industry because it involves selling technology to improve the quality and increase the output of all-steel radial truck tyres.

At present, Russia can use all the radial truck tyres it can produce, and demand is likely to outrun supply for many years. British tyre industry *sources*, however, point to the analogy with Soviet-made Lada cars.

There is a huge and unsatis*fied demand* for these cars in the Russian home market, but they are being exported in substantial and growing numbers to the West for hard currency.

At present, it is estimated that between 33 and 34 per cent of the tyres sold in Britain are imported. About half of these are from Eastern European sources. Japanese imports are minimal — a mere 37,000 units last year, compared with 100,000 in 1973.

Imports from EEC countries have tailed off following the fall in sterling. Some manufacturers, like Kleber-Colombes of France and Continental of Germany, are now concentrating on selling higher-value and specialist types of tyre in Britain rather than trying to compete head-on with popular sizes.

In earthmover tyres, a small volume but very high value *market segment in which* a single tyre may cost over £15,000, the British industry is being seriously affected by imports. These are from Japan in the main but include some from low-cost producer countries like South Korea.

The British manufacturers *complain that these imports are* "tearing the heart out" of their earthmoving business because they are being left only to supply the less common and less profitable sizes to the construction industry. No British maker now sees much hope of getting a reasonable return on the substantial capital investment necessary in commissioning new earthmover tyre plant. The fear is that this specialised *part of the industry may wither.*

The British problem pales into insignificance compared with that of the West German industry. It has lost more than 50 per cent of the car tyre replacement market to importers, British companies among them.

Because of the decline of sterling, what the British industry calls "black exports" have been flourishing. Dealers buy from manufacturers through normal trade channels but instead of being sold retail to British motorists, the tyres are *shipped* across the Channel by the container load and sold there at highly competitive prices. In 1976, "black exports" of car tyres alone amounted to 1.75m units. Last year they dipped to 1.5m, but are expected to rise in 1978 to 1.6m units.

Now the wheel has turned full circle. Because of rising imports, some of the mainland European tyre factories have inflated inventories. This has led to surplus tyres with famous brand names being sold chiefly to brokers, who dispose of them wherever they can. Many reach Britain, where specialists can buy them for less than they would have to pay for an identical tyre made in the same manufacturer's British plant.

The American market has also been a happy hunting-ground for European (including British) tyre makers. Reluctant to convert to radial-ply construction because of the immense cost, the U.S. industry was unable to meet consumer demand in the early 1970s for replacement radials. At first, they were mainly used on smaller imported cars, but European makers, notably Michelin and Pirelli, soon stimulated demand for radial tyres for standard-sized American cars.

Although the U.S. industry's annual output of 195m car tyres is now 50 per cent radial, a little over 13m tyres—virtually all radial—were imported last year. The main European suppliers were France, Germany, and Italy, but *Britain shipped* 417,000 tyres for sale on the U.S. replacement market. European tyre makers are confident they will retain and possibly increase their share of this huge and lucrative market mainly because of higher product quality.

Having barely digested the changeover from cross-ply to radial construction, the British industry is taking an understandably cautious line on further technological change. Every manufacturer experiments with radically new kinds of tyre, including those which have no re-inforcing plies and can be moulded in a single operation. But radial-ply construction is unlikely to be superseded on any scale until the 1990s at the earliest. In the tyre industry's view, one revolution every 25 years is quite enough.

MEN AND MATTERS

Guru works to woo the Weald

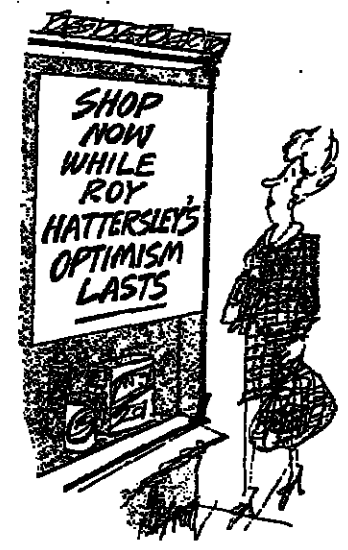
Two months ago the Maharishi movement had me wondering as they told me how they were wooing the captains of British industry and NATO's armies. So, when they invited me to join 200 Transcendental Meditation teachers at their *ambitious* "Capital of the Age of Enlightenment for Great Britain," curiosity drew me through the Weald to their headquarters in the spacious Tudor mansion of Roydon Hall in Kent.

I had hardly walked through the door before one adept was *telling* me that he could no longer fly in the lotus position as he had dislocated his knee. This, I was told, was almost standard for those studying the Sidhi techniques used by the movement but that for the time being there were only a few who could make themselves in*visible or walk through doors.* Could I see this? I asked, only to be told that the movement's founder, His Holiness Maharishi Mahesh Yogi, did not like his followers to show off.

At the previous meeting I had attended three businessmen had turned up to hear reports of employers' claims that teaching TM "was the best investment I ever made" and "reduced absenteeism." But, this time, even more serious business was *afoot. The Maharishi movement* believes that when more than 1 per cent of the population of a city meditate accidents decrease, hospital admissions *fall, unemployment may drop* and divorce may become less frequent.

If 1 per cent of a country is meditating it helps, I was told, "the invincibility of the nation." And reaching such figures was the aim of the one-month campaign they were beginning yes*terday in Kent.*

TM teachers told me that the Maharishi is interested in



armed forces as they account *for about 1 per cent of the* population and that the movement has a Supreme Military Council.

Last night, before the Mayor of Canterbury cut a ribbon and the first eager teachers set off to convert Kent, there was to be Morris dancing and fireworks. *Later in the week representa*tives of Mongolia and Taiwan are to speak at Roydon. One spokesman told me that the whole of one Latin American *cabinet which recently took* office meditates. He added: "In Chile we have a lot of support at governmental level and as the support has grown the regime has softened." I questioned this.

The Maharishi had been due to telephone us from his Swiss headquarters at mid-day. At 1.45 *the telephone call came through* but the line went dead so a guitarist played us Greensleeves. We sat back in the marquee on the lawn and event*ually the call was reconnected* to the loudspeakers. I learnt it was the fourth year of the Age of Enlightenment and the Year *of Invincibility for Every* Nation and that the Maharishi's World Government was listening. Then twenty nations participating in the experiment were listed with their population one *by one. Next the voice started* listing 82 countries involved. He began with the Pitcairn Islands, population 70 people, but then I had to leave. My taxi driver, a retired merchant seaman, told me whenever he had reached the islands sailors had never been allowed to land.

Fiji apprehensive

I have become so used to hearing of Eastern bloc diplomats walking out of Chinese banquets that I now merely imagine their indigestion. But last *night's walk out also cost them the* speech of the skirted and titled Prime Minister of Fiji, Right Hon. Ratu Sir Kamisese Mara. Turning to a visiting Fijian basketball team who were also at the banquet, he told the Chinese that when basketball began in Mexico in the 10th century BC "if the solid rubber ball was put through the fixed stone ring, the player was entitled to have the clothing of all the spectators." He then *added:* "*We, in all modesty,* sincerely hope that this rule will not be applied in the match we will be watching tomorrow night."

Chinese officials said the joke translated well into Chinese. It certainly led to prolonged applause. I am waiting with *interest for reports from the* China-Fiji fixture.

Stumped

Willis Faber and Dumas and its bitter adversary in the $500,000 row over the Savonita claim, Pearson Webb Springbett, have just met in more relaxed conflict in the second round of the Lloyd's Brokers Cricket Cup.

There was an initial hitch in that WFD were supposed to provide the stumps, but forgot. Fortunately, PWS had a set so that play could go ahead. However, PWS showed that all had not *been forgotten about the* Savonita. They offered to sell the stumps to WFD for £60,000. It did not take WFD long to realise that this was the amount that Pearson estimated that it lost in brokerage when SIAT, the Italian insurance group, transferred its business

This transfer happened after Pearson, concerned at the circumstances surrounding the claim for damage to Fiat cars, refused to press the reinsurers for full settlement of the Savonita claim.

The committee of Lloyd's has now received all written evidence in its inquiry into the affair. It will call for oral testimony before reporting, it hopes, at the end of July. Meanwhile, *PWS have said that they are* reserving their rights to pursue a possible libel action against WFD in connection with WFD's own report on the claim. I am told that PWS's own feelings about the Savonita case in general have not been weakened by their defeat by WFD on the cricket field—by no less than eight wickets. But PWS's chairman, Malcolm Pearson, seemed happy.

"At least we managed to get two of them out," he told me.

Tall story

From Whitehall comes this story of a conversation between two civil servants: "How did you get on at the doctor's?"

"I'd *rather not tell you.*"

"Why not?"

"You wouldn't believe me."

"Of course I would!"

"Alright then. He told me that I had been working too hard."

"I don't believe you."

Observer

FINANCIAL TIMES SURVEY

Tuesday, June 13 1978

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FRANCE

The re-election of the Centre-Right coalition in the March general election is likely to lead to a period of greater stability than in the recent past. Taking advantage of this a revolutionary experiment in industrial policy has just been set in motion.

A new freedom of action

By Robert Mauthner, Paris Correspondent

FOR THE first time for two years France is back to normal. The general election in March put an end to a long period of uncertainty about the country's political and economic future, which had restricted the Government's freedom of action and created a depressed business climate. The endless election campaign, punctuated by dramatic quarrels between political allies in both camps, had taken an obsessive hold of the French people. The news media, even a year before the election, could talk of little else than the domestic political situation. By the time the election came round the whole country, except perhaps the tireless Gaullist leader, Jacques Chirac, who is always asking for more, was in a state of utter exhaustion.

Comfortable

While it can hardly be claimed that the unexpectedly comfortable victory of the Centre-Right coalition was greeted with jubilation, the feeling of relief was widespread and was shared even by a substantial number of those who had supported the Left. For it was clear many months before voting day that the rift between the Socialist and Communist parties was so profound that, even if they won the election, the country would be faced with a long period of unstable government with dire consequences for the economy.

With hindsight, many observers of the French scene maintained that the outcome of the election was predictable. It merely confirmed the old maxim that the fundamentally conservative French, who like to pretend that they hold radical left-wing ideas because it is fashionable to do so, vote with their hearts in the first round and with their wallets in the conclusive final ballot.

But that is certainly an over-simplification which does not take account of the very great contribution made to their own defeat by the Socialist and Communist parties. If they had maintained their unity and had given the impression that they could implement a coherent and reasonable programme, the result could have been very different, for the public opinion polls showed that the French electorate was ready for change after 25 years of conservative rule.

The majority of 90 seats won by the Centre-Right coalition of Gaullists and pro-Giscard centrists greatly distorted the magnitude of their victory, thanks to outdated constituency boundaries which favour the Right and would long ago have been redrawn in a more equitable way in most other western European democracies. In percentage terms, the Government parties polled less than 51 per cent even in the second round, and the Left, in spite of its lamentable failure to present a united front, more than 49 per cent.

The Communists must take most of the blame for the defeat of the Left and, by implication for the Centre-Right coalition's victory, for they prevented the Left from presenting the electorate with acceptable terms. By attempting to force the Socialists to spell out and extend what was still a reasonably flexible common programme which could be adapted to changing economic circumstances, it was courting disaster. The Socialists rightly argued that the original nationalisation programme was already as much as the electorate could swallow or the economy could absorb at one go. And the Government had no difficulty in demonstrating that the cost of the Communists' wages and social policy and public spending programme would dangerously undermine the national economy.

Much ink has been spilt over the fundamental reasons for the Communists' suicidal tactics. But it is already clear that the Communist leadership was motivated more by concern for the party's long-term survival and standing in the country than by its participation in the Government. It feared that, unless it could nail the Socialists down to specific measures, there was a great risk that what would certainly have been a Socialist-dominated Government, with M. Francois Mitterand as Prime Minister, would soon have diluted the common programme. The Communists—at least their leaders—did not want to be junior partners in an essentially social-democratic administration because it would have alienated their own supporters and jeopardised their long-term survival as one of the country's major political parties.

Whatever the reasons for their tactics, which are currently hotly contested not only by leading Communist intellectuals but by a growing number of the party's rank and file, they opened the door to the re-election of the incumbent coalition. The alternative was not viable, the voters decided, some of them reluctantly. The evidence is that many Socialist voters did not transfer their support to Communist candidates in the vital second round in constituencies where the latter remained as the only representatives of the Left.

But the composition of the new National Assembly is by no means the same as that of the last Parliament. On the Government side, in particular, the balance of power has been significantly modified. While the Gaullists, with 150 seats, still remain the biggest single group in spite of losing 23 seats, the new Union Pour la Democratie Française (UDF) group, made up of several pro-Giscard centrist parties is running them very close with 139 seats.

This development has given President Giscard d'Estaing, who was widely hailed as the only real victor of the general election, much more freedom of manoeuvre than he had in the old parliament. He has not, it is true, managed to win over the Socalists to his side, and his dream of a Centre-Left coalition is no nearer to fulfilment. But the fact that the President now has a strong and reasonably cohesive parliamentary group to support him through thick and thin has lessened his dependence on the Gaullists, the much less reliable other member of the coalition. Although M. Chirac's party has made clear that its support remains conditional—it will submit all the Government's policies to critical examination before giving its approval and Gaullist ministers have been debarred from holding any office in the party's ruling bodies—it has certainly had some of its teeth drawn.

M. Chirac, who gave the President so much trouble as Prime Minister, before resigning after a row in the summer of 1976 over his own powers and the Government's election strategy, and subsequently as the Gaullist party leader, has already been obliged to draw in his horns. He suffered an early post-election setback when the Gaullist Party's official candidate for the presidency of the National Assembly, M. Edgar Faure, was defeated by M. Jacques Chaban-Delmas, who had the backing of the President.

Since then, M. Chirac has adopted a very low profile as a political leader and has reserved his very considerable energies to sniping at the Government in his capacity as Mayor of Paris. No-one believes, of course, that M. Chirac's uncharacteristic restraint is anything but temporary, and it is generally expected that he will run for the presidency against M. Giscard d'Estaing in 1981.

The Government, meanwhile, has started its new lease of life with a bang. Although M. Raymond Barre, reappointed by the President as Prime Minister, has pledged to pursue his economic stabilisation policies for another 18 months, he has initiated a brand-new industrial policy, which is nothing short of revolutionary in French terms. Abandoning France's traditional policy of price controls, which has been singularly unsuccessful in curbing long-term inflation, the Government will free industrial prices progressively by the end of the year. The quid pro quo for this concession to industry is that it will be required to stand on its own feet and can no longer expect automatic Government hand-outs whenever it is in trouble. Lame ducks will be helped only if they can prove that they are capable of curing their infirmity, and, after the recent substantial price rises granted to the State-owned utilities and public transport boards, the Government intends to start phasing out its massive subsidies to the public corporations.

M. Barre, a liberal economist of the old school, has placed all the emphasis on industrial efficiency and international competitiveness. The fact that no major election is on the horizon until 1981 has given him enough time to watch his experiment bear fruit. But the risks are clearly great. The trade unions, initially stunned by the Left's election defeat, will not twiddle their thumbs for ever. Their resentment at having the purchasing power of workers frozen while industry is given free rein to set its own prices has already begun to boil over: witness the current strikes at several Renault plants and the public utilities.

Forecasts

Moreover, the latest official forecasts for the French economy show that there is no prospect of reducing unemployment before the end of the year. Indeed, it is likely to increase substantially. Estimates for growth in 1978 have been revised downwards to 3.2 per cent, whereas GNP must rise by about 4.5 per cent even to keep unemployment steady.

In the Prime Minister's view, France is still precluded by balance of payments and inflation constraints from adopting any major expansionary measures. Though orders have picked up and the investment climate has improved since the election, a substantial external stimulus is needed before the French economy starts ticking over satisfactorily again. To a large extent, therefore, the success of M. Barre's economic policies depends on whether agreement on a concerted growth strategy can be reached at the western economic summit in Bonn next month.

THE ECONOMY

A break with tradition

THE CRUSHING defeat of the Left at the general election last March has allowed the new French Government to take one of the biggest gambles in the country's post-war economic history. Freed from any electoral constraints for the next three years, M. Raymond Barre, the Prime Minister, has interpreted the Centre-Right coalition's victory not only as a rejection of the Left's collectivist political philosophy, but as giving him the green light for breaking with France's long dirigiste economic tradition.

By their choice at the polls, so the official argument goes, the French people have opted for what President Giscard d'Estaing likes to describe as "the advanced liberal society," which implies a free market economy. And that, in turn, calls for policies which not only reduces the State's intervention in the economy, as far as this is possible in a modern industrialised society, but allows industry to operate in a genuinely competitive climate.

The iron grip in which the State has held the economy for much of the post-war period cannot, of course, be completely loosened at one go, particularly given the pessimistic short-term outlook for the world and the French economy. But M. Barre and his new Economics Minister, M. Rene Monory, have already gone further than anyone expected them to in such a short time. With their decision progressively to free industrial prices by the end of this year and to bale out only those "lame ducks" who stand a genuine chance of becoming financially viable, they are even considered by some commentators who are not hostile to their fundamental economic philosophy to have embarked on a dangerous course.

Both the Government and its critics have produced a number of convincing arguments in defence of their views. M. Barre has put the main emphasis on industrial efficiency and orthodox budgeting. In justification of the freeing of industrial prices and the recent sharp increases in public sector prices, he has underlined the serious financial difficulties faced by many companies as the result of falling profit margins, and the unacceptably high level of Government subsidies to the nationalised utilities, currently running at an annual rate of FFr 30bn.

Inflation

The Government has admitted that its pricing policies will lead to a sharp jump in inflation over the next few months and that the result for 1978 may be in the region of 11-12 per cent, compared with only 9 per cent last year. This, however, is the price which must be paid for the necessary adjustment to a healthier industrial structure and better competitive climate, according to the Prime Minister.

In the longer run, the freeing of industrial prices will have a disinflationary effect, the argument goes on. While 30 years of price controls in France have done little to check inflation, countries like West Germany, where industry has always been free to set its own prices, have one of the lowest rates of inflation in the world. Moreover, the Government's monetary and credit policies, as well as its wages policy, will remain restrictive, and it will make sure that French industrial products will face sharp competition from abroad. All these measures will help to keep inflation under control.

M. Barre's arguments are, no doubt, persuasive, but the main trouble with his policies is that they are highly selective. Industry has been given a handsome hand-out, but prices in the services sector remain controlled for the moment. The banks still have to live with a 12.5 per cent ceiling for the annual expansion of the money supply and the same credit growth ceilings as last year, which is also a constraint on new industrial investments. Last, but by no means least, the trade unions are being asked to accept a freeze in purchasing power for everyone except the 700,000 to 1m. workers on the national minimum wage at a time of escalating prices.

Workers, however, have an unfortunate habit, as far as employers and Government are concerned, of concentrating on their wage packets and are not likely to swallow for very much longer an economic policy which, on the surface at least, appears to demand substantial sacrifices from wage-earners while favouring their employers.

BASIC STATISTICS

Area	212,742 sq. miles
Population	52.9m
GNP (1976)	Frs 1,442bn
Per capita	Frs 27,300
Trade (1976)	
Imports	Frs 308bn
Exports	Frs 273bn
Imports from UK	£1.7bn
Exports to UK	£2.1bn
Trade (1977)	
Imports	Frs 331bn
Exports	Frs 319bn
Imports from UK	£2.1bn
Exports to UK	£2.7bn
Currency: franc £1=Frs 8.39	

The progressive rises in the monthly cost of living index—0.5 per cent in January, 0.7 per cent in February, 0.9 per cent in March and 1.1 per cent in April—have increasingly focused the unions' attention on the Government's wages policy, in spite of the fact that wages are inflation-indexed.

Closely related, in the eyes of the unions, is the serious unemployment situation and what they consider to be the Government's neglect of this problem. Their criticism is perhaps unfair, given the large sums earmarked by the Government and social security system in 1977 and this year to stimulate employment — FFr 4bn and 3bn respectively. However, it is certainly true that the new employment pact adopted by the Cabinet last month is less generous than last year's version.

The main difference between the two schemes is that tax concessions to be offered to companies employing young workers this year will be available only to those with a labour force of no more than 500 and with a turnover net exceeding FFr 100m. And instead of total exemption from social security charges, companies will obtain only 50 per cent relief.

It is a moot point, in any case, to what extent these schemes have made a dent in unemployment which, in April, was still running at 1.1m. While the Patronat claims that the 1977 pact provided jobs for 550,000 people, the unions argue that this was achieved only by replacing older workers. Moreover, with the new emphasis on profitability and the relatively poor prospects for growth in France, it is considered unlikely that industry will be able to absorb a large enough number of new workers to bring down unemployment; certainly not enough to offset the hundreds of thousands of new job-seekers who will come on to the market in the autumn.

Privately, officials concede that unemployment could well rise to 1.2m by the end of the year, if not more, but here again the argument that this is the inevitable consequence of industrial regeneration policies is unashamedly employed by the authorities.

It is hardly surprising, therefore, that the unions are beginning to stir out of their post-electoral coma and that industrial unrest has increased noticeably over the past two weeks. Two plants of the State-owned Renault motor car company have recently been occupied by their workers, who are claiming a substantial increase in their minimum wage, shorter working hours, a five-week annual holiday and a lowering of the retirement age to 60. Electricity and Paris municipal transport workers have also staged short strikes, and there are serious rumblings in the Vosges region, where thousands of jobs in the textile industry are threatened because of the financial difficulties of the Boussac group. The CFDT, the country's second largest union, has now issued a general call for the occupation of any plant which, because of its financial problems, has been placed under judicial management and is threatened by closure.

Unrest

No doubt, industrial unrest will be kept down to manageable proportions before and during the summer holidays. But the chances of a "hot autumn" are now much greater than they were only a few weeks ago.

Official forecasts for the growth of GDP in 1978 have had to be revised downwards from 4.5 per cent at the end of last year to no more than 3 to 3.5 per cent, mainly because of the slack international economic climate. Some private institutions even consider the latest official predictions to be over-optimistic.

Nevertheless, there have been distinct signs of a pick-up in economic activity since the beginning of the year. The industrial production index rose to 130 in April, its highest level for more than a year. Household consumption is currently rising at an annual rate of more than 3 per cent and the improvement in the state of industrial order books since the beginning of the year has been considerable, particularly as regards consumer goods.

The steady increase in household demand should, normally speaking, be accompanied by a revival of demand for investment goods, and private industrial investment is expected to grow by between 3 and 4 per cent in volume in the current year, compared with only 2 per cent in 1977.

Prospects for the balance of payments remain reasonably good, particularly given the new-found strength of the French franc in the foreign exchange markets, which is keeping down the price of imports. The trade deficit last year was halved to FFr 11bn, compared with 1978, and the balance of trade has been, in consistent surplus for the three months up to and including April. So far this year, it is running at a small adjusted surplus of FFr. 94m, compared with a deficit for the same four-month period last year of FFr. 5.5bn.

M. Barre should thus see the fulfilment this year of at least two of the three main objectives which he set himself when he was first appointed as Prime Minister in August, 1978 — restoring trade balance equilibrium and stabilising the franc. That is, unless his new industrial prices policy gives such a sharp twist to the inflationary spiral that the exchange markets lose confidence in the franc and the resulting higher price of imports push the trade balance into deficit again. The Prime Minister may have decreed that inflation is not the main enemy this year, but it could still be a powerful guerrilla force.

Robert Mauthner

FOREIGN POLICY

Less aggressive approach

WHEN HE was elected as President of France four years ago President Giscard d'Estaing had already had many years of experience as a Minister in charge of the country's economic affairs, but his knowledge of foreign affairs was strictly limited. While he had the reputation of being "a good European" and was generally expected to take an active role in promoting European unification, his ideas about France's role in other parts of the world, its relationship with the two super-powers and its attitude towards the developing countries were vague and ill-defined.

As he felt his way during the first year of his Presidency, the Gaullists, those uncertain political allies who have given M. Giscard d'Estaing more trouble than anyone else since his election, had a field day, accusing him of all sorts of political heresies. The President they claimed, was about to sell out to the Americans. He was preparing to ditch France's nuclear force and, apart from his predilection for safaris in the African bush, had no real interest in France's traditional ties with and obligations towards Africa.

In short the French President had no intention of giving France the world role which General de Gaulle had spent so much of his time and energies in building up, the Gaullists complained. How wrong they were — at least in the longer run. M. Giscard d'Estaing is someone who does not like to plunge headlong into unknown pools. His policies are formulated only after he has mastered his briefs and after an appropriate period of reflection, and only partially on the basis of an inherited set of principles. This process has taken time but, after four years the main lines of Giscardian foreign policy have now begun to crystalise.

Though it is at odds with Gaullist thinking in some fields, it can hardly be argued that President Giscard's foreign policy represents a real break with the past. The main difference lies in his less agressive style and more pragmatic approach to problems rather than in fundamentals. No less than his two predecessors, M. Giscard d'Estaing is convinced that France has an important role to play in world affairs and that the solution to international problems should not be left just to the U.S. and the Soviet Union. But he is much more aware than either General de Gaulle or M. Pompidou of the physical limitations on a medium-sized power's capacity to influence events.

Vetoes

In general he considers fist-banging and vetoes to be counter-productive and does not like France to be isolated. Even in the case of the recent military intervention in Zaire, he has been careful to ensure that it had the support of a very large number of African countries, of the U.S. and, less outspokenly, France's European partners. This desire to avoid diplomatic conflicts, if at all possible, has led above all to a great improvement in France's relations with the U.S. and a much greater willingness on the part of the Washington Administration, and President Carter in particular, to listen to and take account of French views.

In European affairs Giscard has shown himself to be both an idealist and realist at the same time. Though clearly anxious to promote European unification, he has never espoused the federalist ideas of the founding fathers of the European Community. Indeed his most successful initiative has been the setting up of the European Council, which meets periodically at heads of government level and in practice ensures that no major decisions can be taken without the full agreement of all member States.

The dominant theme in his foreign policy over the last two years or so has been "France, the friend of the developing world." There was a vacuum to be filled. The U.S., after its traumatic experience in Vietnam, was drawing in its horns and concentrating mainly on its relations with the Soviet Union and China. Britain's ambitions to play a world role had been eroded by its serious domestic economic problems and West Germany was basically interested only in spreading its economic tentacles.

France, on the other hand, had built up a fund of goodwill in the Third World. The developing countries as a whole appreciated its policy of independence from the two super-powers. The Arab world was grateful for its consistent support for a Palestinian homeland and critical attitude towards Israel, and most of the former French African colonies still regarded France, which furnished them with large quantities of financial and human aid, as their best friend.

The prestige enjoyed by France in the Third World enabled it to play the leading part in setting up the North-South conference between the developing an industrialised countries. The disappointing outcome of the negotiations was certainly felt as a set-back by the French, though they could hardly be blamed for it. What is perhaps equally important, however, is that all sides now recognise the need for a permanent North-South dialogue, if not in the same form as before, and that seeds were sown in Paris which will certainly bear fruit one day.

But when all is said and done, President Giscard's most ambitious as well as most dangerous foreign policy venture has been in Africa, where France has become deeply embroiled over the past year. It is not at all certain whether this was the original intention. During the early period of his Presidency, he did not appear to be particularly interested in fostering France's relations with its former colonies. Indeed he was accused both by the Gaullists and some of the moderate African leaders—such as President Senghor of Senegal and President Houphouet-Boigny of the Ivory Coast—of benign neglect.

It was only after the Angolan affair and repeated warnings by the two West African Presidents about the growing Soviet and Cuban influence in the continent that President Giscard appeared to realise that there was an opportunity for France to resume a leading role in Africa.

The doctrine on which France's new African policy is based is disarmingly simple. The premise is that the borders which were fixed when the African countries became independent are sacred. Any State whose territorial integrity and security is threatened by outside forces has the right to appeal for help to its friends. France is prepared to offer military aid in such circumstances if it receives an official request to do so by the legal government of the State concerned.

These principles were invoked to justify the logistical support which the French provided for the Moroccan troops who went to President Mobutu's aid during the first invasion of the southern Zaire province of Shaba in April last year and, much more dramatically, when French paratroopers were sent to Kolwezi last month to rescue the city's European population. Mauretania and Chad, both countries which are also engaged in seemingly interminable wars against rebel forces, have also benefited from substantial French military aid on this score.

Increasingly, however, the question is being asked whether France has bitten off more than it can chew. Its military intervention capacity has been extended to its limits. The French now have a total of more than 10,000 troops in Africa, some of them, like the 1,700 Foreign Legionaires and paras in Chad, almost permanently involved in fighting with Libyan-backed rebels. Others, like the 4,500 troops in the newly independent state of Djibouti in the Horn of Africa, and the 1,300 men in Senegal, are attached to permanent French bases under bilateral defence agreements.

Politically, too, President Giscard's African policy clearly has its weak points. If any African government, however dictatorial, can always count on French help to prop it up when threatened by rebels who have often fled across the border to escape persecution, a change to a more liberal regime is ruled out.

Moreover, it is often very difficult to establish, as it was in the case of the latest invasion of Shaba, whether Cubans and Russians are in fact masterminding the operation.

The indications are that President Giscard has already begun to see the dangers of too heavy a French military involvement in Africa. His emphasis at the recent Franco-African summit on the need to set up a pan-African peace-keeping force, albeit with French technical assistance, appear to show that France does not want to play the role of "gendarme of Africa" for too long, or at least not by itself.

The co-operation of other European nations, particularly Britain, with its long experience of African affairs, would probably be welcomed by France. But its policy remains ambiguous. On the one hand the French relish the opportunity of playing the kind of major international role to which normally only the super-powers can aspire. On the other they fear its longer-term diplomatic and military consequences. The U.S. debacle in Vietnam is after all still fresh in everybody's mind.

R.M.

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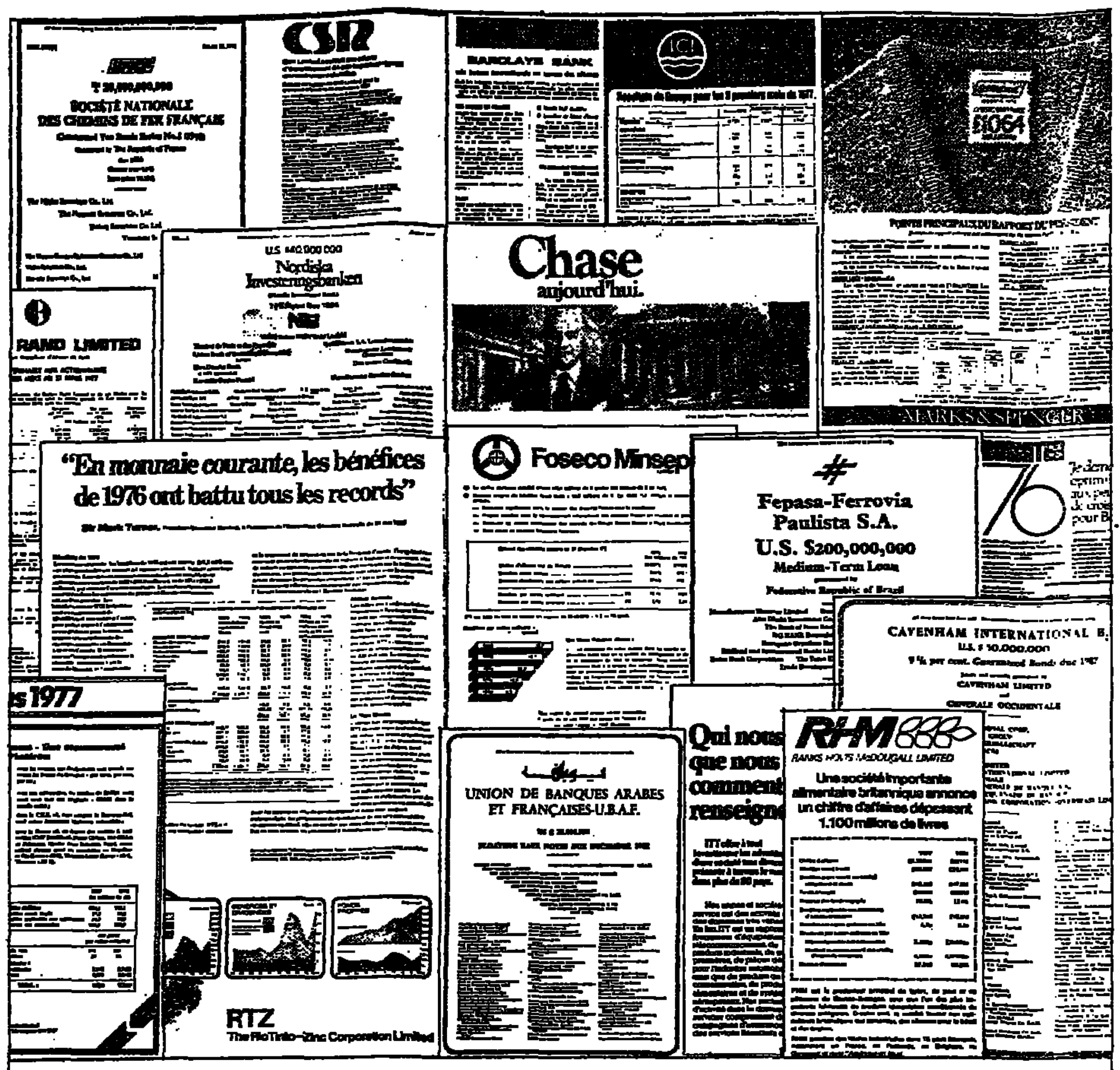

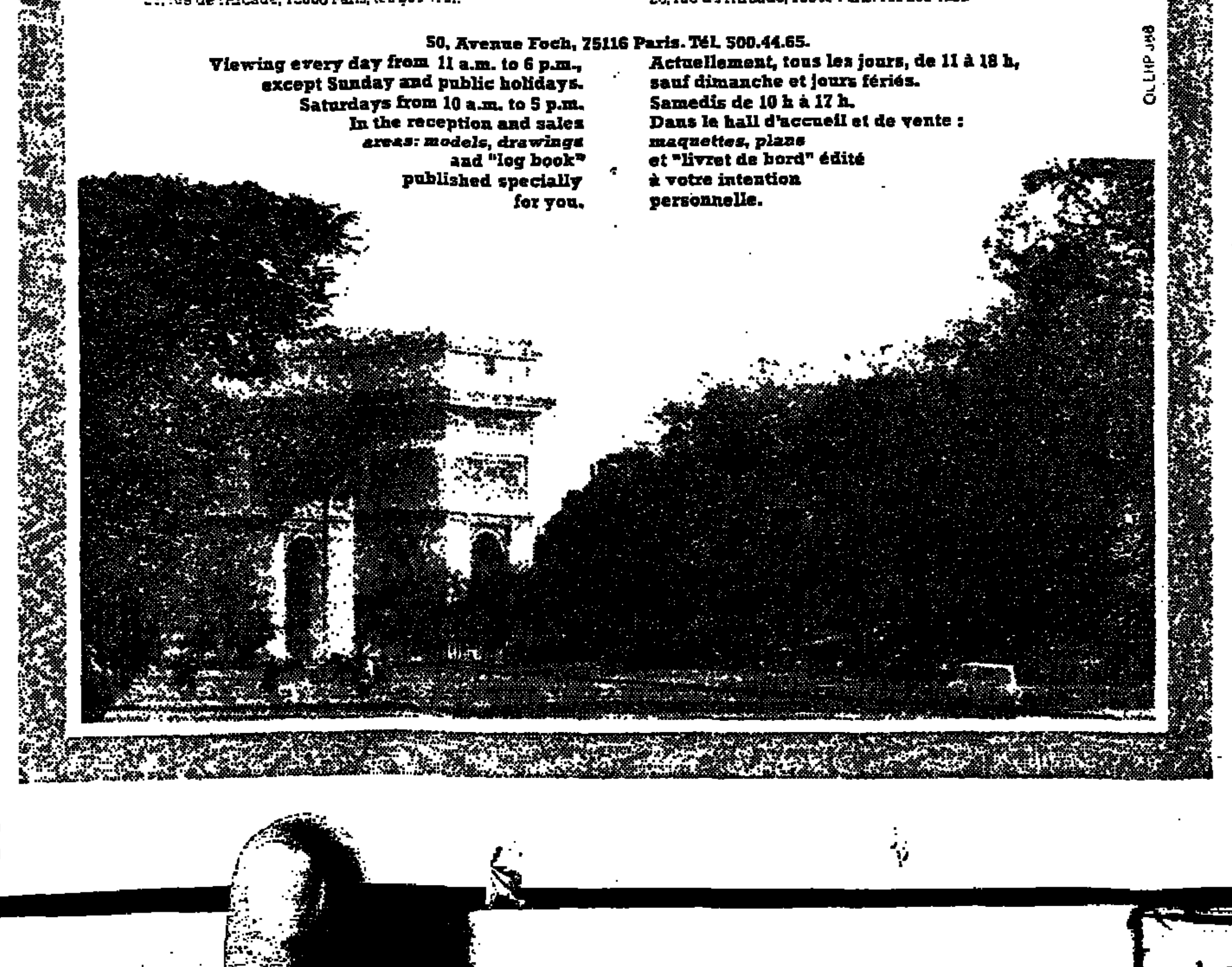

ENERGY POLICY

A long road to self-sufficiency

IT USED to be said that France was a country which had everything. More generously endowed with agricultural land than any other Western European country, which made it self-sufficient in food, and with a dynamic industry which has been built up since the creation of the Common Market, the French economy appeared to others to be an Eldorado. But that was in the days when oil could be bought for *peanuts.* Everybody, including the French, had forgotten that France, so rich in other ways, was poorer than most in indigenous energy sources. It took the world oil crisis in 1973, when the price of this essential commodity was quadrupled, to bring home to the French the seriousness of their economic predicament.

Dependent on imports for 75 per cent. of its energy needs and, what is more, essentially on suppliers in the unstable Middle East region, France was, and still is, in a particularly vulnerable position. A major military conflict in the Middle East, such as the Arab-Israeli war in 1973, could threaten its energy lifeline and, at worst, bring the French economy to a grinding halt. A quick look at the figures *eloquently illustrates* the magnitude of the problem.

Oil products, which represented only 30 per cent. of the country's energy needs in 1958, made up 75 per cent of the total in 1977, while the part of coal fell from 60 to 17 per cent. during the same period. Moreover, the sources of France's oil supplies are dangerously concentrated on a small number of countries. Saudi Arabia, Iraq, Iran and the Gulf Emirates supply as much as 71 per cent. of France's crude oil needs, with the first-named country alone providing 36 per cent of the total.

The prospects for discovering new national sources of traditional energy products are slim. Exploitable coal reserves are estimated at no more than about 550m. tonnes, 1,000 times smaller than those of the U.S. and only one-twentieth of West German reserves. French coal, on the whole, is not competitive with imported coal and is likely to be even less so after *forthcoming price increases* which have been authorised under a contract signed by Charbonnages de France and the Government.

Production from the natural *gas field in Lacq, in the south*-west of France, once considered to be the answer to at least some of France's energy problems, will start to decline after 1982. By 1980, according to the latest predictions and plans, French-produced natural gas will meet only 25 per cent of the country's requirements, with one-third coming from the Netherlands and the rest from Algeria, the Soviet Union and the North Sea fields.

Hydroelectricity, with which France is comparatively well endowed, has already been fully exploited, while the chances of finding significant quantities of oil in the Western Approaches are still considered to be very small, in spite of the large investments which have been made by French oil companies on exploration of *this offshore area.*

France, therefore, had little choice but to go nuclear in a big way, while at the same time stepping up its efforts to diversify its sources of imported energy, reduce its oil consumption and develop new sources of energy such as solar power.

The first really big boost to France's nuclear programme was given by M. Pierre Messmer's Government in 1974, only a few months after the western world had been faced with the bitter truth that the era of cheap energy was well and truly over. At the time, France had an installed nuclear capacity of no more than 3,000 MW. The Messmer plan provided for a sharp increase in this capacity to 45,000 MW by 1985 at the rate of some 6,000 MW per year and a total investment cost estimated in 1975 at some Fr 100bn.

The programme has since been revised downwards for several reasons, although it remains one of the most substantial in the western world. Because of the slack international economic climate and the consequent slowdown in the rate of growth of the French economy, forecasts for electricity consumption fell sharply. *The cost advantage which* nuclear electricity had in 1973, thanks to the jump in oil prices, has also rapidly eroded since then, without, however, disappearing completely.

Whereas, in 1974, the price of nuclear electricity was about half that of conventional electricity—4.5 centimes compared with more than 10 centimes per kWh—in 1977, the relationship *had deteriorated to 9.7 centimes* compared with 13.3 centimes for electricity produced by an oil-fired power station and 11.6 centimes for that produced by coal.

Other factors also contributed to the modification of the original targets. As the result of a number of unexpected technical difficulties which were met in the construction of the first U.S. Westinghouse-licensed *Pressurised* Water Reactors and the application of stricter security and geographical norms following protests by ecologists, nuclear power stations have come on *stream* at a *slower* rate than originally planned.

Fessenheim 1, for instance, the first of the new series of new reactors, situated in Alsace, was plugged into the grid only last April, two years behind schedule.

At the same time, financing problems have become increasingly serious. Electricite de France (EdF), the State electricity utility, has been *obliged to* mobilise enormous sums to fund the nuclear programme. In 1977 its need for finance was Frs16bn, and this year its requirements are estimated at Frs.20bn. EdF's capacity for self-financing are strictly limited in the present economic context. Its cash flow has been kept down both by ever-increasing construction costs and delays in the commissioning of new power stations. It has thus been forced to go to the international market, where it borrowed Frs.9bn in 1977, and it will require an additional Frs13bn in the current year.

The high cost of financing the nuclear programme and the delays in its implementation has led the SdF to order at least one coal-fired power station, which will be built at *Le Havre, and* to ask the Government for authorisation to construct a number of gas turbine stations.

In spite of everything, however, France clearly cannot afford to do too much cheese-paring on its nuclear programme, given the lack of viable alternatives. The target for new capacity has been reduced to an annual rate of 5,000 MW which, taking into account the energy which is expected to be saved over the next eight years or so, would still enable the country to satisfy more than 20 per cent of its total energy requirements *in 1985* by domestically produced electricity of nuclear origin. Set against the 2 per cent provided by nuclear electricity today, this would be a considerable achievement.

France's energy strategy clearly implies that it should remain in the vanguard of new reactor technology and also ensure its long-term security of *nuclear fuel supplies.* This explains its refusal to bow to U.S. pressure to suspend the development of rapid breeders and also to go ahead at full steam with its development of uranium enrichment and nuclear fuel reprocessing facilities.

In all three fields, it is now among the world's leaders. The EdF has set itself a target of some 10,000 MW of fast breeder capacity by 1990 and construction of the first prototype reactor of this kind, the 1,200 MW Super-Phenix has already begun. Under present plans, the first pair of fast breeder power stations is expected to be *ordered by* the *state* utility in two or three years' time.

Cost

Because of the high cost of the venture—*initial investments* including the first fuel charge are estimated at some Frs 5bn—and the prospect of substantial foreign sales, the French have associated themselves with *the West Germans and Italians* in a company called NERSA which will operate and control Super-Phenix. EdF, however, has the lion's share in NERSA with a stake of 51 per cent.

The new fast breeders have the great advantage of producing more plutonium than they consume and of burning natural instead of enriched uranium. This means that France will become progressively less dependent on imported supplies, but the effects will be felt only in the very long term. It is not until the year 2,000 that the country's consumption of natural uranium will begin to decrease.

In the meantime, considerable efforts have been made to ensure that France will not be short of uranium. Under the Government's "Plan uranium," *adopted in 1977,* public loans are offered to companies prospecting for the scarce mineral. The response has exceeded all expectations. Within two years, the uranium plan is expected to generate investments totalling some Frs. 250m.

Though supplies are expected to fall short of demand until 1985, France is in a relatively favourable position in this field. It produces 7 per cent of the world's total uranium output and has access to 10 per cent of world reserves, thanks *mainly to its privileged* relations with former African colonies such as Niger, Gabon and the Central African Republic. The rest of its requirements are made up mainly by imports from South Africa, where French interests have a stake in uranium mining.

At the moment, totally dependent on foreign uranium enrichment facilities, particularly in the U.S., France is also making a big effort to plug this hole. It is a major partner in the Eurodif consortium, which is building a gaseous diffusion enrichment plant at Tricastin in the Rhone Valley. With a capacity of 10.7m separative work units, Tricastin is scheduled to start production in 1979 and become fully operative three years later. *A project for* a second enrichment plant is currently under consideration.

Last but not least, the French are actively pursuing the development of reprocessing facilities which, apart from meeting their own domestic requirements, *offer* a big prize in the form of foreign contracts. Large contracts have already been signed with Japan, West Germany and Austria for the reprocessing of spent nuclear *fuel at the French plant at La* Hague.

The French are thus well and truly set on a nuclear path, but the dividends will be slow in coming in. According to the *latest estimates, France will* still be importing some 100m tonnes of oil in 1985, about 40 per cent of its total energy requirements of 240m tons of oil equivalent (toe),—while nuclear electricity will provide only 50m to 55mtoe, natural gas, most of it imported, 37mtoe, coal, 25mtoe and new energies only 2-3mtoe. It will be a very long haul indeed before anything like independence or self-sufficiency is reached.

R.M.

GOVERNMENT AND INDUSTRY

New strategy unveiled

THE French Government has *proclaimed a new industrial* strategy based on restoring to *companies* their right to fix their own prices, reinforcing competition, providing incentives and aid for the *development of new* technology, and insisting that sectors with structural problems will only qualify for aid if they can present plausible recovery programmes and managaments in which the Government has confidence. At the same time it is proposing measures to encourage the flow of savings into *industrial investment.*

But while these measures, *if* followed through, will bear fruit in the medium term, there are a number of sectors crying out for immediate assistance, and some of the companies in them are close to bankruptcy. These "burning dossiers" are awaiting action from the Government's ruling directorate composed of M. Rene Monory, Economics Minister; M. Andre Giraud, Industry Minister; and M. Robert Boulin, Labour Minister: all under the direction *of Prime Minister M. Raymond* Barre. Here, then, is a very selective guided tour through the waiting room of the Industry Ministry.

To deal with the steel industry's *problems* the Government was *forced* 15 months ago to put together an emergency package of closures of old installations and modernisation of plant. The programme—which looks to the Government, *the industry's own collective* fund-raising operations (via the GIS), and the European Coal and Steel Community for financing—foresaw the elimination of 16,000 jobs, heavily concentrated in Lorraine, in the east of the country. The situation which provoked the crisis was an industry carrying Frs 31bn in long- and medium-term debt which had recorded sales of Frs 31bn in 1976.

While the production situation has improved slightly since the financial situation is little short of catastrophic. At the moment the industry is carrying Frs 38bn in debt for a turnover of *Frs* 33.5bn—a *cool* 113 per cent of indebtedness to sales. Usinor, the biggest of French steelmakers, and a company with relatively modern installations including the 8m tonnes a year capacity Dunkirk plant, had a net loss of Frs 2bn in 1977 on top of very heavy losses the previous year, with more to *come* this year.

Sacilor, almost as big as Usinor but with much more of its capacity out-dated and heavily concentrated in the east of France, recorded a parent company net loss of FFr 2.38bn in 1977, three times as big as its 1976 net loss.

Fund

Last year the Government's economic and social fund FDES advanced FFr 1.3bn to the two *companies and they have* had a further FFr 500m between them so far this year. Both groups have begun the re-organisation of their activities to meet eventually the Government's desire to see their basic steel-making activities associated more closely with downstream operations which are likely to be more profitable.

The industry claims that it cannot generate any momentum for recovery while it is carrying such a burden of financial charges and that a rescheduling of debt is essential. As it could not afford to default in any way on its borrowings from small *investors* via the GIS *which* raises fixed interest rate money on the Paris market, this means that the banks and the Government must be prepared to play *ball* — around 20 per cent of the debt is owed to the Government. The industry wants a consolidation of debt accompanied by some sort of moratorium, and it is hoping to get the *Government's* response before the holidays.

On the prices front the picture is more encouraging. The 5 per cent January rise imposed by Brussels in fact translated into a 15 per cent rise in France because it was calculated on a price level well above the level *actually being practised* in France at the end of last year. The April rise, because of the recalculation of values in relation to the unit of account, added some 4 per cent for France, leaving prices slightly above their July 1974 level. There is a 10 per cent rise still *to come,* so the industry stands a reasonable chance of getting the overall 25 per cent increase in the year that it thinks necessary to start moving back into profitability. Prices for export have risen also *from between* 15 and 25 per cent to non ECSC destinations.

Output in the first four months of this year was 8.11m tonnes, 7.6 per cent higher than last year; but after adjusting for the strikes of April 1977 the real rise is closer to 3-3½ per cent. Total 1977 output was 22.1m tonnes against 23.2m in 1976 and the industry does not expect to get back towards 33m tonnes *capacity before the mid*-1980s. Some 10,000 of the planned 16,000 jobs have already gone, including some 3,000 outright redundancies.

The remainder of the jobs have gone through *early retirement* (at 56.4 years), voluntary departures and the return of around 1,000 migrant workers with a Frs 10,000 pay-off apiece.

CONTINUED ON NEXT PAGE

THE STATE SECTOR

Purge gets under way

SPRING IN Paris this year was not only cold — it was painful. The Government, determined in the wake of its election victory to take French industry by the scruff of its neck and shake it into competitiveness, had made a solid start by decreeing a sharp rise in a number of tariffs directly under its control. Coal was to go up by nearly 8.7 per cent; railway tickets by 15 per cent, with freight to cost around 10 per cent more; stamps 20 per cent more; metro tickets up from Frs 11 to Frs 12.25 for a 10-ticket book: and 10 per cent on gas and electricity prices.

M. Raymond Barre admitted that this would cause a few months of bad cost of living figures, but he was unrepentent. There was a clear difference, he said, between price rises occurring against a background of a wobbly currency, unhealthy trade balance, wages out of control and excessive monetary expansion and the rises which took place in a planned fashion against the background of wage controls, a stable currency, a restored balance of payments and firm supervision of the money supply. These "curative" rises were essential if the inflationary budgetary deficit of the State was to be reduced.

M. Barre has never failed to cite chapter and verse once given an opportunity. This year the State — that is, the taxpayer — was facing a bill for subsidies to the public sector of Frs 30 bn (almost £4bn). Without a price increase the State-controlled (51 per cent) SNCF railways would lose Frs 5.7bn this year, while the total State subsidy to the system would approach Frs 14bn.

The increase in public sector tariffs to more realistic levels is one of the lines of attack decided on by the Government in its campaign to tackle the whole business of the operating deficits in the public sector. The other elements are a severe look at investment projects and the opportunities for economies, and the drawing up between the State and the enterprise concerned a sort of formal treaty setting out the rights and obligations on each side — a "know-where-we-stand" approach.

The French State sector is large. Depending on how you define it, it acounts for 11 per cent. of industrial employment and the same proportion of industrial added-value. One M. Edouard Bonnefous, president of the Senate's Finance Commission, has made something of a hobby out of tracing the process of "creeping nationalisation" of French industry via the diversifying activities of State-owned companies. He claims that whereas in 20 years the number of State-owned holding companies has declined from 170 to around 130 their subsidiaries have multiplied from 266 to almost 650.

Crowned

But they cannot all be lumped together. The financial State sector is crowned by the three State-owned big banks — the Banque Nationale de Paris, Credit Lyonnais and Societe Generale. If you add in the trustee and popular savings banks you find that the State accounts for 80 per cent of bank deposits, while on the same definition collecting some 60 per cent of insurance premiums.

Then there is the industrial State sector, in which pride of place is invariably given to Renault, the motor manufacturer, but which embraces the coal mining industry with a large chemicals and fertiliser offshoot; the 70 per cent State-owned oil semi-major Elf-Aquitaine; and the aerospace company Aerospatiale.

Finally there is the services sector, particularly transport with the SNCF, Air France, Air Inter, the shipping lines Transat and Messageries maritimes (owned by General Martitime).

In a category by themselves are the post and telecommunications network, currently undertaking a colossal investment programme to give France 20m telephone subscribers by 1982, and the gas and electricity utilities, which are in charge of an ambitious programme of nuclear energy.

The electricity authority, the EDF, is one of the most voracious consumers of capital. Last year it had a turnover of Frs 36.2bn giving a rise to an operating profit of Frs 1bn (against a Frs 620m loss) and a net profit of Frs 679m (loss of Frs 655m).

Its total financing needs for the year were Frs 17.3bn, including Frs. 13.2bn investment, but it was able to raise only 43 per cent of this through self-financing. It raised Frs 9.1bn in new debt including Frs 3.8bn in foreign currency (EDF has developed a taste for the New York market); Frs 2.5bn on the local capital market and some Frs 1.6bn from the State via loans or capital increases.

Its debt ratio (all forms of debt divided by own capital) was 109 per cent in 1967, virtually the same five years later, and 154 per cent last year.

Compared with the SNCF the electricity utility is healthy. The subsidy to the railways includes compensation for the control of fares, subsidies for various concessionary fares and a very hefty contribution towards a pension fund which is actually paying benefits to more people than the existing working staff of the system.

Virtually all the main concerns in the State-owned sector have seen their capacity for self-financing (defined in France as cash-flow divided by financial needs) diminish over recent years, particularly as they have had to suffer severe price limitations while in some cases sustaining ambitious investment programmes. In the case of the railways this decline has been calculated at from 76 per cent in 1970 to 36 per cent last year.

The Government has defined four areas of concern in the State sector: operating losses: cash needs; the level of subsidy being demanded; and their excessive call on savings at the expense of other enterprises also requiring capital — a reference to the dominance of the public sector on the fixed interest market and the eclipse of equity capital.

Its policy for tackling these problems is in a very early stage. The price rises mark a first step, and the Prime Minister has been at pains to emphasise that there is no question of the complete elimination of subsidies. However, the State sector seems likely at least to follow the general evolution of prices in the economy generally.

The review of investment programmes and the search for economies is also just beginning, though the Government has already selected one "golden oldie" — the reduction of uneconomic rural services on the railway network — as an indication of its thinking.

The interesting part of the strategy is the notion of negotiating "company contracts" with enterprises which lay down specifically both the management goals to be achieved and the resources to be made available. Two concerns have so far signed such "treaties" — Air France and the coal industry —while two more are in the course of negotiations, the electricity authority and the railways.

The contract with Air France illustrates the attempt to put the relationship between State and company on a clear footing. The company has suffered badly from State interference over the past few years. Notably it had been obliged to maintain in service a fleet of elderly Caravelles because there was no European replacement available; to divide its operations between the two airports of Roissy and Orly; and to operate Concorde. All these obligations were compensated, but the airline had no idea of the direction in which it could travel.

The contract settles each of these problems. It permits the replacement of Caravelles by American aircraft as a temporary measure on condition that Air France becomes the lead airline for the eventual new European JET airliner, and it lays down specific financial compensation for each Caravelle maintained in service until they are phased out. The airline also got the go-ahead to order further wide-bodied aircraft — Airbus and 747s — with the broad details of finance settled.

The contract also provides for the concentration of activity on Roissy-Charles de Gaulle airport and again specifies compensation, while the entire Concorde investment has been taken out of the airline's books, including transfer to the State of the responsibility for 70 per cent of the operating losses of the supersonic service.

Further clauses deal with growth expectations and productivity — it is a fairly comprehensive planning agreement. Any new obligations imposed by the State which do not make commercial sense will be specifically compensated.

The coal-mining contract (with Charbonnages de France) which also covers 1978-80, provides for the restoration of price freedom, fixes the level of State aid in relation to electrical energy produced and industrial growth, transfers to the State certain non-operating costs, and outlines financing policies.

The contracts are not a magic formula for profitability but they have the merit of making it quite clear for the benefit of management where lies the frontier between its freedoms and State imperatives. For the State, the burden of the enterprise becomes at worst a predictable rather than an unpredictable factor.

The policy of purging the public sector has just begun and will certainly cause grumbles —the employers, who themselves are having price freedom restored to them, have been one of the first to complain about the effect of public sector price rises on their costs. It will be an interesting test of M. Barre's political weight and of President Giscard d'Estaing's political nerve how far and how quickly the Government goes in its commitment to restore a liberal competitive economy.

David Curry

Strategy

CONTINUED FROM PREVIOUS PAGE

At the end of 1976 the steel industry workforce numbered around 153,700. Twelve months later it was down to 142,700 and by April next it should be 135,000.

Another of the sectors the Government is itching to restructure is machine tools. The problems are the traditionally weak trade position of French machine tools (this year for the first time in a long while the industry managed a first quarter surplus): the dependence on a handful of large value contracts for its exports: the relatively small size of the companies and, of course, very severe losses.

There are twin lines of attack by the Government: the attempt to promote the reorganisation of the industry round a smaller number of "poles" and the creation of looser groups of smaller companies to undertake joint export marketing and overseas investment. In the attempt to improve the performance of the smaller companies the semi-state Institut pour le Developpement Industriel (IDI) plays a leading role.

The country's leading machine tool maker is the Renault motor company. Its own division plus the seven subsidiaries it controls give it a group turnover of around Frs 365m, of which around a half comes from sales to the company's motor divisions and a significant part of the remainder from contracts with Eastern Europe. While Renault is not intending heavy investment in this sector, which is geared towards long production runs for motor components, it is intent on consolidation and restoring the division's financial position.

The No. 2 of the industry, Ernault-Somua (3,000 workforce and losses of Frs 34m last year) is also backed up by a powerful group, in this case the Empain-Schneider empire. But the Government's current preoccupations centre on the No. 3 of the industry in terms of group turnover (Frs 290m) Ratier-Forest-GSP, particularly the Forest part of the group with its Frs 173m of turnover and 1,100 workforce. The group's 1977 losses were around Frs 21.5m. The IDI holds more than a third of the capital of Ratier-Forest-GSP but despite this strategic stake at the Government's disposition foster-parents are in short supply.

Renault has declined the honour, saying it has enough to do putting its own house in order and arguing that the sector has traditionally been fairly small-scale throughout the world and that it operates better via "human-scale" enterprises. Renault is also concentrating on developing industrial robot machines to replace repetitive work on motor production lines.

This is little consolation to the Government, which sees in Forest one of the most advanced of the French machine tool makers and one whose order book is heavily geared to Eastern Europe.

According to the Syndicat des Constructeurs Francais de Machines-Outils (the industry's trade federation) production in 1977 fell from 85,454 tonnes to 71,200 tonnes, of which just over half was for export to a value of Frs 1.32bn, some 3.37 per cent down in volume but 1.7 per cent up in value over 1976.

The body covering metal transformation and mechanical industries says that orders have picked up lately (40 per cent better in the first quarter than last year) but that the customers are still smaller companies ordering in handfuls. The bigger clients, deterred by the cost of money (although the cost of overnight funds on the market is below 8 per cent for the first time in two years) have not started to reach for their cheque-books.

At some stage, but perhaps not before 1980, orders are expected to lift sharply because of the ageing of the machines in use in France. It is reckoned that two-thirds of installed capacity is 10 years old against only 40 per cent in Japan.

Carrying on to the oil industry, this has complained for years that the prices it can charge at the pump are inadequate. In fact a law of 1928 giving the State power to control the import, refinery, and distribution of petroleum products makes this sector one of the most tightly regimented in industry. In addition, the law prescribed that oil imported for the home market must be carried to the tune of two-thirds under the French flag, and this is the restriction singled out by the French companies as their single biggest cost handicap.

Elf-Aquitaine, which accounts for slightly under a quarter of the refined products marketed in France, and is 70 per cent State-owned, has lost Frs 3bn in refining in the past three years, and the difficulties of the 30 per cent, State-owned CFP-Total group in refining have also been pronounced. Both companies signed the memorandum sent by five European oil groups to Brussels seeking regulation of ex-refinery prices and of investments and both would prefer the solution to come from Brussels.

In shipbuilding, Government aid is running at about FFr 1.5bn a year and the Transport Ministry is refusing any more. The industry says that unless aid is stepped up considerably French yards will be completely unable to compete in world markets and that many of the 30,000 direct jobs and 50,000 indirect jobs in the industry will be threatened in 1979. It argues that Government aid amounts to up to 20 per cent of sale price of a ship which translates into 10-15 per cent of cost price compared with the 30 per cent. accorded to some competitors by their governments and the highly beneficial terms some governments offer to Third World countries.

According to the industry's central body, deliveries in 1977 were 730,000 dwt: starts were 13.5 per cent down on the previous year: and for the third year in a row orders booked equalled no more than 4 per cent of deliveries.

The shipyards started 1975 with an order book of 6.19m grt but at the start of this year it was down to 1.74m grt. Only 19,000 grt of new orders were placed in 1976 and 15,000 in 1977, when French shipping companies ordered more than 60,000 grt overseas. For three years France has failed to register a single foreign order. The only orders in sight are for two FFr 20m each refrigerated container ships to carry bananas, but Chantiers de l'Atlantique may have to build them for its own account and lease them subsequently.

Shipping companies themselves face a crisis. Their association says that debt has risen from FFr 10.7bn to FFr 12.2bn in a year and that charges are running at FFr 1.5bn a year, with cash-flow continually declining. It estimates that operating profits in the dry cargo business have fallen some FFr 80m short of debt repayment charges and that the deficit would reach FFr 300m in 1978 and remain high.

David Curry

BANKING

The seats of empires

THE STATELY Parisian monuments where the big French banks have their headquarters, with their high ceilings and *carpeted corridors*, are becoming more and more the seats of empires. The rapid expansion of French banking overseas in recent years expresses a dynamism that belies their august facades.

It is *only in the last decade* that the big three nationalised deposit banks—Banque Nationale de Paris (BNP), Crédit Lyonnais and Société Générale—have made it into the world's top ten banks. As their international operations *increase*, so do the banks come to rely to a growing extent on foreign risks for their profit.

The BNP, for instance, in its 1977 report, attributes "more than a quarter of the bank's net earnings" to the operations of its 21 main foreign offices. Among the leading private-sector banks, Crédit Commercial *de France last year made* 40 per cent of its profits abroad.

The proportion of overseas earnings is larger among some of the top U.S. banks, but this is largely due to the special role of the dollar; in French banking terms, *it is* unprecedented.

Besides the general movement towards internationalisation of banking, there are several reasons behind this trend. French banks have since 1972 been subject to Government controls aimed at keeping down the growth in money supply, in the form of strict ceilings on each bank's percentage increase in credit operations.

The two *main exemptions to* these controls, in the obvious interests of helping to restore France's trade balance, are loans for energy-saving projects and medium and short-term export credits. Between them, these two categories make up a-fifth of all domestic lending, *which meant that last year*, for instance, when the big banks were pinned down to a 5 per cent growth in their normal *credit* operations, the *total* volume of loans actually increased by 14 per cent.

The prospects are that credit controls will stay in one form or other for some time, adding to banks' interest in their export credit activities. Most bankers seem resigned to this, even though the Government is now freeing its controls on *industrial prices*: the Government's policy is aimed at strengthening companies' own financial base and not at letting go on the money supply. Bankers have proposed other means of control—such as a fixed ratio between banks' capital and the amount they are allowed to lend—and many still complain: M. Jean-Maxime Levêque, chairman of Crédit Commercial de France, has called the controls "barbarous."

But it is not just the controls that are forcing bankers' arms. The slowdown in the domestic economy has meant that in any case demand for credit is *low*. In the second half of last year it did *not* even hit the ceiling. The banks were left with a good deal of wind in their lungs.

The setting-up of new branches in France has also slowed down. The years after the so-called Debré reforms of 1966-67, when the banking system was liberalised and the distinction between deposit banks and merchant banks virtually erased, saw a massive *expansion*.

These were *les années folles* of French banking, when large numbers of families who had kept their money at home became clients and started using bank services for the first time. Now the possibilities are virtually exhausted, with the *exception* of the State-owned farm loan agency, the Crédit Agricole, which continues to open new branches and whose *activities have spread outside* the *purely farming area*. The tax exemptions it gains from the Government are a source of anger to other banks. "It is not surprising," the caustic M. Levêque of CCF comments, "that its branches are proliferating like mushrooms."

Abroad, however, everybody's branches seem to be proliferating. Crédit Lyonnais' list of overseas representations numbers about 400; Société Générale is directly or indirectly active in 45 countries.

Disappointing

All three of the big State banks belong to international banking clubs — Société Générale *alongside Midland in* Ebic, BNP alongside Barclays in Abercor, Crédit Lyonnaise in Europartners—while CCF joins Williams and Glyn's in the Inter-Alpha group. But these associations have proved disappointing *in their scope*, and the banks are now leaning much more towards setting up their own operations.

In London, the French banks are long-established. Crédit Lyonnais and Crédit Industriel et Commercial arrived there in Victorian days. The presence of BNP, which has just opened new offices in King William Street, dates back to 1867, when the Comptoir National d'Escompte de Paris became *one of the first foreign banks* to open a London branch.

The BNP was formed 12 years ago through a merger with Banque Nationale pour le Commerce et l'Industrie, which at the time had *the* biggest foreign network among French banks. Aggressive in its approach, and the most active French bank in export credits, the BNP is also the parent of one of the main merchant banks *active in the Middle East*, the Banque Arabe et Internationale d'Investissement (BAII).

The banks' activities abroad fall into four main categories: finance for French exports, assistance for French companies setting up overseas, management of foreign currency loans and the recycling of petrodollars.

In their *support for exports*, "French banks are absolutely in the front rank," according to M. Maurice Lauré, chairman of Société Générale. The bank took on Frs 40bn worth of risks in this domain last year, equal to *almost* half its total deposits from clients and some 60 times its net profit for the year. Two-thirds of its medium and long-term export *operations* were buyers' credits, or about 20 per cent of total foreign trade risks. The great bulk of these are backed up by the Government's export guarantee agency Coface.

Other *banks are heavily* involved in overseas industry, notably Banque de Paris et des Pays-Bas (Paribas), which has been international since its foundation in 1872. Until the 1966-67 reforms Paribas was *classed as a merchant bank*, which meant it could not open branches or accept deposits. Its industrial holdings in France include important minority shares in the Thomson electrical group, Compagnie Francaise *des Petroles* (the Total oil company) and Pechiney-Ugine-Kühlmann, the metals and chemicals combine.

Abroad, Paribas was active in founding not only banks—such as *Sudameris* and Banco Nacional de Mexico—but also industrial companies such as Norsk Hydro, the Norwegian energy concern. After the war it set up an investment bank in the U.S.—Paribas Corp—the *first non-U.S. bank to do so*. Its big U.S. operations—Paribas North America, Becker Warburg-Paribas and this month a new branch in New York—helped establish the bank in the Eurodollar business. It is now one of the most active banks in the Eurocurrency markets.

Also because of its industrial interests overseas, Paribas was one of *the leaders in the post*-war period in setting up export and import finance mechanisms.

A pioneer in Moscow, Paribas has also built up in recent years important interests in Asia. In the Middle East, it has the largest network of any bank of continental Europe. Its more recent venture into the Far East, where others, such as Banque de l'Indochine et de Suez, the main banking arm of the Suez group, have been longer established, includes a minority stake taken last month in a leading Hong Kong broker, Sun Hung Kai. It is now seeking a branch in *Hong Kong to* take advantage of the authorities' change of line with regard to foreign banks.

Although its French interests have also expanded, Paribas now estimates that half its profits are *earned abroad, and* the proportion is going up.

A look round the main banks' profit figures for last year makes it clear that despite all their complaints—about credit curbs, about State domination, about the *para-banking institutions*—they are generally not doing so badly.

David White

MOTOR INDUSTRY

Production picks up

FRENCH MOTOR manufacturers are set to achieve a record output of cars and small vans for the third year in a row. In 1977 the previous year's record was comfortably surpassed when output in France reached 3.09m. If the 460,000-odd cars manufactured overseas with varying proportions of local components are counted, it means that last year well over 3.5m cars bearing the marque of a French manufacturer were produced. Direct exports alone accounted for more than 1.6m units.

This year will not see a dramatic increase, but the big three manufacturers are all forecasting that they will *match last year's performance* and may edge ahead of it. Although output over the first three months of the year at 845,673 fell behind last year's figures by 2.8 per cent (overseas assembly was well ahead) and registrations were running 9 per cent down, April brought much better news. Production was up by 3.6 per cent and *though* registrations were *still* below the level of April last year their pace was picking up. At four months the industry's production in France was topping 1.21m.

Restraint

Last year the industry was operating in a climate of severe economic restraint. In particular it was restricted to a 6.5 per cent price increase for the whole of the year which fell well behind the increase in labour costs (average industrial earnings were up by around *11 per cent*). *In fact motor* manufacturers have had to make do with an overall price increase of 8-9 per cent in the period since M. Raymond Barre introduced his economic recovery programme in October, 1976.

The situation is now changing to some extent. The Government is continuing to hold down wage rises to the equivalent of cost of living increases (which could easily top 10 per cent this year) but it is committed to *freeing most industrial prices* in the third quarter of the year, with the motor industry scheduled to be "liberated" in mid-June and commercial vehicles and tyres already freed on June 1.

At the same time there are signs of some firming in the steel market, a fundamental source of supply, and the steel industry thinks that with a bit of luck its prices might manage a 25 per cent rise over the year.

The general feeling is that *there will be no dramatic price* increases though there will be some move towards closing the gap between French and other European prices, which are generally higher (except in Italy). In any event, the industry is too politically aware to risk a sudden price increase.

Each of the big three manufacturers is going into battle with new models. Peugeot-Citroen unveiled its Peugeot 305 at the end of last year. Output this year should reach 80,000 and is fully bought up. By the end of the year output should reach around 1,000 a day, and the 305 is very much the car which will carry Peugeot's *colours into its African and* Middle East markets. The old battle-horse, the 504, is still running at 1,300 a day and is the biggest sold and exported car in the stable. The small car, the 104, is running at around *700 a day while the up-market* and expensive 604 is being produced to the tune of around 30,000-35,000 a year.

Peugeot produced 780,000 cars last year and expects to do marginally better, and to hold its exports at about 52 per cent of output. There is the hint of new models to be unveiled at the October motor show—it is *generally supposed that the 504* is due for renewal but the company is keeping its cards close to its chest.

Its stablemate Citroen expects very much the same trend. About a year ago the Peugeot-Citroen *tandem, which* has always tended to act like brother and sister rather than husband and wife, got a new president in the shape of the 40-year-old Jean-Paul Parayre, one of the particular breed of young and political whizz-kid civil servants familiar in France. He presides over a three-man directorate including *Pierre Peugeot and Gerard de* Pins and it was stressed that the introduction of a relative newcomer as president (he *joined the group in 1974) did* not mark any radical departure in the policy of separate identity for the two components in the group. However, given M. Parayre's experience as one of the State's watchdogs on the Renault board it is thought that he may be rather more ecumenical when it comes to joint ventures in the industry.

Last year the group's profits rose marginally over 1976 to FFr 1.59bn net, whereas cash-flow was more than 21 per cent *stronger at FFr 1.586bn and* turnover close to FFr 42bn, of which 49 per cent represented exports and overseas activities.

Chrysler is the relative baby of the big three, with a patchy profits record. Last year its net profit dropped from Frs 215m to Frs 47m but the company says much of this reflected the cost of setting up the new line for the Horizon, Chrysler's champion in the battle of the new middle-range cars. The company expects to produce its maximum of 520,000 cars this year, of which around 210,000 will be Horizons.

Over the past three months the company claims that it has improved its market share by a couple of points to around 12 per cent.

Renault has followed an aggressive policy of multiplication of models (Renault always denies that it is ever *replacing* anything) for some years. This has seen it move into the executive car range with the 20s and 30s and add new blood to the medium car range with the inflated mini, the 14. A couple of months ago it unveiled its newest competitor in the shape of its "Euro-car", the Renault 18, designed to fit into the market between (and with some overlap) the 12 and the 16. Initial output was 220 a day and by November some 800 a day is the target. Both the R18 and Peugeot's 305 steer clear of the familiar hatch-back formula to opt for a conventional boot.

While Renault runs second to Peugeot-Citroen in home output *it leads the field in global* production, around 1.7m last year, and it is the expansion of Renault's overseas presence which is one of the main preoccupations of the car division. In particular, Bernard Hanon, *the head of this division*, has been itching to have a new crack at the American market and the recent deal between American Motors and Renault must be seen in this context.

The company's current position in the U.S. is based on the mini R5—*le car*—but total 1977 sales *in the U.S.* were *still* below 13,000. The main interest of the AMC deal—which is still being fleshed out—is the access to the AMC 2,100-strong dealer network (though some will presumably stick to the *European manufacturers* with which they are already associated). The Renault network in the U.S. is only 335-strong. There is also the prospect of production of the new Renault 18 in 1980 at the Kenosha AMC plant, which is at the moment producing only to a third of its

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THE STOCK EXCHANGE

Bourse regains its industrial role

EVER SINCE the French Government decided in the wake of its election victory that one of its priorities was to be the restoration of the finances of the company sector, the whole question of the stock exchange (Bourse) as a vehicle for the raising of industrial capital has become a central debating point.

The restoration to the Bourse of its role as an instrument for raising risk capital and the parallel policy of encouraging the flow of savings into equity capital is the subject of a series of legislative projects which will begin their career in the National Assembly over the summer.

At the same time the Government has grasped the particularly prickly nettle of the taxation of capital gains, and is linking together the passage of a new law on capital gains with the measures encouraging the flow of savings into investment.

While encouraged by the Government's awareness of its financial problems, industry thinks that the reforms do not go far enough, and in particular would like to see more beneficial conditions for the raising of loan capital and better tax treatment of revenues from shareholdings.

Opposed

Let us start with capital gains. In 1976 the Government of M. Jacques Chirac pushed through the National Assembly a measure introducing a capital gains tax on shares. It was bitterly opposed by the Gaullist party, to which M. Chirac himself belonged, and the Prime Minister led from behind, thus making it clear that his heart was not in the battle. In the course of its passage the measure was so amended that it emerged in a virtually incomprehensible form.

The underlying principle of the tax was the addition of profits from share dealing to income, thereby allowing a progressive taxation.

With the Gaullists fiercely opposing their own emasculated baby, the Bourse in a state of pre-election gloom, and with even the accountancy profession declaring the tax to be largely beyond comprehension, Prime Minister M. Raymond Barre postponed its application to January, 1979, and during the election campaign promised to review the entire basis of it so as to make it more simple.

The Government's new propositions rest essentially on the imposition of a fixed rate tax irrespective of the length of time shares have been held in portfolio, but there is an exception made for so-called "professionals" where the idea of addition of gains to income tax has been retained.

The basic propositions are:

- Habitual dealers — defined in relation to the speed with which they turn over their portfolios — will be taxed on sales above the level of Frs 50,000 a year. The form of taxation depends on whether they get more or less than half their total income from disposal of shares. Those who gain more than half will have their global revenues from all sources lumped together and they will be subject to income tax which can go up to 60 per cent. Those who get less than half of their income from share disposal will be taxed instead at a flat 30 per cent rate on their profits.
- For those who are occasional traders but who nonetheless make significant profits the rate of taxation is lowered to 15 per cent and the threshold value of sales at which the tax is applied is doubled to Frs 100,000. One of the reasons for this is to avoid heavy taxation of one-off company restructuring operations.
- There is no tax on occasional revenues derived from sales of shares worth less than Frs 100,000.

It should be noted that the thresholds — Frs 50,000 and Frs 100,000 — in each case apply to the value of the sales and not to the value of the income. Losses can be offset against gains of the same nature over a maximum period of five years.

The new capital gains tax, while attacked as contradictory to the Government's intention of encouraging the investment of savings in industry, was a political necessity to fulfil the Government's promises of greater fiscal equality. In addition, it could not abandon the idea of a capital gains tax without appearing to cave in to the Gaullists — nor could it implement the existing measure without incurring their open rebellion.

The measures to encourage the flow of savings into industry should become law by the end of June. The main features are as follows:

- Families will be able to deduct from their taxable income Frs 5,000 a year for the purchase of shares, plus Frs 500 for each of the first two children and Frs 1,000 for each subsequent child. This concession will last until the end of 1981.
- The concession is extended to 15 years for people aged 50 so that they can build up a portfolio of shares for their retirement.
- For tax purposes investors will have to choose between the new facilities and the old system whereby the first Frs 3,000 of dividend income was exempt from taxation.
- Preference shares are to be introduced to France to encourage companies to raise capital without risking losing management control. In addition, the exoneration of company tax liability on the income from new shares is extended from five to seven years and to 10 years for the new Preference shares.
- It is being made easier to assimilate official loans to company capital by subordinating them for all repayment and dividend purposes.
- In order to recover some of the cost of the measure the tax on fixed interest revenue other than bonds is being lifted from 33⅓ per cent to 40 per cent for people who opt to have such income taxed separately rather than consolidated with global revenue for tax purposes.

The Government reckons that these measures should direct some Frs 5bn a year into industry at a fiscal cost to the Treasury of some Frs 1bn a year. It has apparently ruled out the raising of the tax credit from 50 to 100 per cent despite the persistent pleas of industry and the Bourse because that would cost some Frs 2bn in lost revenue — a sum which is too heavy in the light of the Frs 15-20bn budgetary deficit the Government is facing this year and next.

The Bourse is looking to these measures to help it tackle one of its leading problems — and one of industry's main problems — the pre-eminence of the fixed interest issue over the equity and the consequent increase in the indebtedness of industry at the expense of self-capital. Last year, for example, of the Frs 61.3bn in new money raised on the Bourse almost 84 per cent was by way of bond issues at fixed interest rates.

Equities

On the secondary market equities have never recaptured the position they held in the 1960s before the creation of the fixed interest issue of maturities of up to seven years. Whereas shares acounted for 69 per cent of transactions in 1969 the proportion was only 45.5 per cent last year.

This is a delicate problem because a substantial part of the money raised via bond issues is raised by semi-Government institutions, though much of this is re-lent to industry. Neither the Government nor industry itself wants to see this access to capital made less attractive.

Another Government project is to legislate to improve the quality of company information made available to shareholders notably by compelling the production of consolidated accounts. The Bourse is campaigning for clearer and more competitive rules for take-over bids and the protection of investors from misleading prospectuses promising fabulous riches quickly.

The problem of company finance is a serious one, as a number of recent studies testify. The official statistics institute INSEE has calculated that between 1967 and 1976 the value-added by industry has multiplied 3.1 times: the formation of gross capital 2.6 times; salaries and social charges 3.5 times and interest charges 5.9 times.

INSEE reckons that the level of cash-flow has diminished by 28 per cent and that the part of non-distributed profits in total earnings fell from 16 to 10 per cent. It says interest charges represented 4 per cent of value-added in 1967 against 6.5 per cent in 1976.

M. Francois Ceyrac, the head of the Patronat employers organisation, has added his voice to the pleas for action. He says that in 1960 30 per cent of net investment was financed by appeals to shareholders against half that now and that financial charges have doubled in 10 years while company indebtedness to banks has multiplied.

The measures to benefit corporate money-raising must be seen in the context of a general policy to restore company finances, notably the policy of restoring price freedom. But what is remarkable — at least to British eyes — is that this deliberate policy of freeing prices and promoting what is after all (again in British terms) unearned income is taking place against a background of continued sharp control of wages.

Although French industry thinks the policy could go further, it is difficult to see how any British Government could even tip-toe to the threshold of such a policy without being accused of perpetrating the most dastardly form of social differentiation.

D.C.

MOTOR PRODUCTION 1977
(private cars and small vans)

Maker	French output	Overseas output	Exports	Domestic registrations
Renault	1,259,000	325,163	634,794	640,384
Peugeot	676,109	26,340	342,140	336,425
Citroen	667,280	47,321	344,429	320,389
Chrysler	476,565	63,828	293,746	180,031

Source: Chambre Syndicale des Constructeurs d'Automobiles.

Production

CONTINUED FROM PREVIOUS PAGE

450,000-vehicles a year capacity.

Renault has also been anxious to develop its "southern strategy" based on increasing inter-dependence between its French, Spanish and Portuguese operations. At the end of last year it concluded an agreement virtually entrusting it with Portuguese motor industry development, for which an initial Frs 1.3bn investment is planned with Portuguese interests. The number of 4s, 5s and 12s assembled will rise from 10,000 to 60,000 a year, with the local content also increasing. An engine plant geared to exports and depending heavily on local components will be built, and a wide range of components will also be manufactured.

Peugeot has also expanded its more limited overseas interests. In November it signed an agreement with Iran National which foresees the eventual construction of 100,000 units of a version of the 305 some five years after production begins around 1980. The local content will be stepped up progressively, but Peugeot reckons that if it were to supply about half the content of 100,000 cars a year this would represent exports of some FFr 600m a year.

The motor industry's real disaster area is commercial vehicles, where the Renault Vehicules Industriels subsidiary is desperately trying to keep its head above water. Unofficial figures put the Renault 1977 loss at more than Frs 70m against Frs 125.5m profits in 1976, while its stable companion Berliet saw a Frs 380m profit slump to a reported loss of more than Frs 170m. However, a good Frs 100m of joint losses will be due to provisions for early retirement. Turnover is expected to be 3 per cent down in volume.

The problem is the deep depression in the market coupled with a fierce price war launched by the importers, inaugurated by Mercedes and taken up by Volvo. At the same time the Fiat-Ireco operation has made serious inroads on the market, though more at the expense of other importers than of Renault's position.

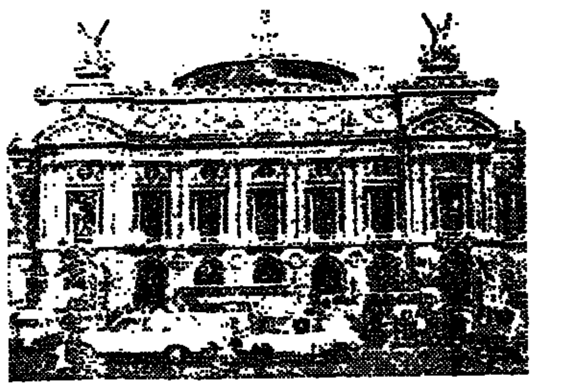
After a 6 per cent volume decline in 1977 the market for the first four months of the year was 15 per cent down on 1977 in the 6 tonner-plus category, although RIV held its share at 48-49 per cent. May looks to have been marginally better but the stark fact is that there has been little change in the wait-and-see attitude of clients despite the safe negotiation of the general election. The problem is that hauliers themselves are suffering from contraction of margins and control of tariffs while facing sharp increases in fuel costs and the wages bill. The sector embraces lots of small enterprises running out of cash-flow and poor prospects for loan finance.

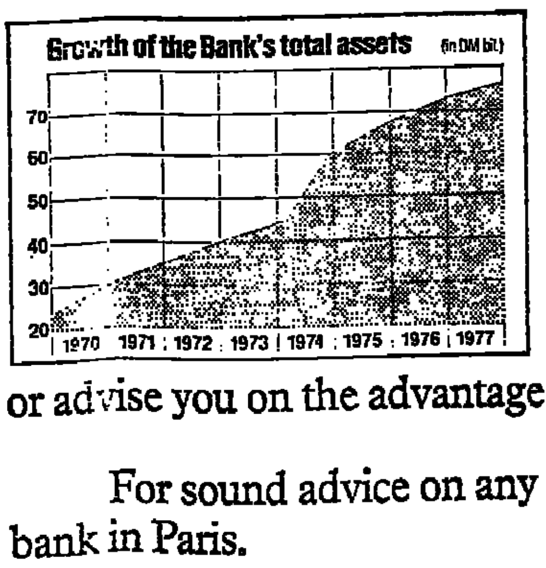
RIV is likely to impose a price rise despite market conditions, arguing that it is often rebates that count rather than prices and that French prices are around a quarter below those in the rest of Europe. Last year Saviem had 32 days lay-offs and Berliet 19 while the group implemented a policy of retirement at 58 years. So far this year there have been 15 days lay-offs. Stocks are down a little to just under 10,000 vehicles.

RIV has a "national mission" to reconquer the domestic market and it has pressed on with the renewal of its range via a Frs 6bn five-year investment programme. It recently tapped the international capital market to help finance the programme and to lengthen the average debt carried by the group. The heavier end of the range has been rejuvenated and RIV reckons that the main challenge now is in lighter vehicles which fill the gap between the small vans and the 5-6 tonners.

The group will lose money also in 1978 since its cash-flow depends heavily on the local market, but while there may be some stretching out of investments, priority projects like the new Lyons foundry and the Lorraine plant for camionettes will not be held up.

D.C.





AEROSPACE

Time for decisions

THE AIRBUS
(orders, options and deliveries at May, 1978)

Company	Firm orders	Options	Deliveries
Air France	18	—	10
Air Inter	5	—	3
Deutsche Lufthansa	11	9	7
Bavaria Germanair Hapag	4	0	4
Iranair	6	3	2
Indian Airlines	5	1	3
Korean Airlines	8	0	6
Thai International	6	2	3
Aerocondor	1	0	1
TEA	2	0	2
Eastern Airlines	23	9*	4
SAS	2	10	0
SAA	4	0	4
Undisclosed	0	2	0
Total	95	38	49

* Plus an option on 25 B-10s.

THE SHAPE of the French civil aviation industry to the end of the century will be largely determined by decisions to be taken this year—decisions which will also determine the degree of integration of the European industry as a whole.

Almost certain is the go-ahead for the construction of the new version of the Airbus—the B10 to carry some 200 passengers—to complement the now successful B2 and B4 versions of the basically Franco - German carrier. Overshadowing this is whether there will be a three-way co-operation, this time involving the UK, on a European competitor in the market for medium-distance aircraft to carry 130-160 passengers to replace types like the Caravelle, the Trident and the Boeing 727.

Aerospatiale, the State-owned French manufacturer, puts the market for this aircraft at 1,200 by 1990.

While Britain is participating in the advanced marketing of the European JET aircraft it has not yet decided between the American and the European option, its problems to a certain extent being that it has not merely the future of British Aerospace to consider as a builder of airframes but also that of Rolls-Royce as a motor manufacturer. The JET is already pre-empted for the General Electric SNECMA CFM-56 engine of 22,000 lbs thrust.

But while these decisions are pending the French industry has had a highly successful six months on the sales front. The Airbus itself won that famous order for 23 aircraft from Eastern in the U.S., while Aerospatiale, the French shareholder in Airbus, has signed a deal to manufacture its light-weight Ecureuil helicopter in Brazil. Finally, that old warhorse Dassault has recorded large-scale orders for its Falcon series of business jets (including a sale of 41 Falcon 20s to the U.S. Coast Guard) while on March 10 the newest in the Mirage series of military aircraft—the 2000—reached Mach 1.3 at 40,000 ft on its maiden flight.

At the same time there remains a problem of maintaining skilled people at work in the aircraft factories—notably at the Aerospatiale plants in Toulouse—and with the close-down of the Concorde line in mind the Government is relaunching production of the military transport Transall (a Franco-German twin-engined aircraft which has gained a certain fame recently as the transporter of French troops to Africa) and is toying with the relaunch of the twin-engined Nord 262 as a business or maritime reconnaissance aircraft.

On the corporate front the decision to take a one-third stake in Dassault, announced a year ago, has led to the appointment of four State representatives to the Dassault Board, but the financial dispositions to reorganise the shareholdings are still incomplete.

Since the Airbus has been the most obvious success of the year it is as well to begin with it. At the time of writing 95 orders and 38 options have been received from 14 airlines. The rate of production is at the moment close to 1.5 per month but this will rise to two a month by the end of the year and to three a month towards the end of 1979. The present production line could go as high as eight a month.

The significant figures are less these orders and options than the estimates of the total requirements for Airbuses of existing clients. Excluding Eastern the consortium reckons that by 1990 its existing customers will have taken delivery of 270-280 aircraft, and if Eastern's needs are included the total comes to around 350—a score which would make the Airbus a more successful machine than the Caravelle.

The B-10 version is attracting interest. Eastern has options for it: Lufthansa has said it would switch some options from B4 to B-10 and Swissair is also likely to be a launching airline for the version.

The B-10 will have a smaller redesigned wing than the B4. A re-entry of Britain into the Airbus consortium would virtually guarantee the continuation of construction of the wing by Hawker-Siddeley (British Aerospace). Otherwise the wing will go to France or Germany. The development price-tag is thought to be around $600m and if a decision on the launch is taken this summer the B-10 could enter into service in mid-1982.

The JET began its life as the A200, the French contender in the European stakes to build a new medium-haul airliner. The British offered an improved but not radically redesigned version of the BAC1-11 but the configuration of the JET as a completely new airliner with twin engines hung on the wing is of mainly French conception.

With the CFM-56 earmarked for the engines France cannot expect the lion's share of the airframe manufacture also, though Dassault will no doubt bid hard for the wing as a derivative of the wing on its own unsuccessful Mercure airliner and boasting its Falcon-50 experience with supercritical shapes. There is a strong political commitment in France to this aircraft and Air France, in the "contract" it recently drew up with the State, its owner, agreed to launch the JET with orders of around 50 aircraft in three batches with delivery beginning in 1984.

The JET is planned to exist initially in two versions seating 136 and 163 passengers respectively with a range of up to 4,500km. Air France envisages them as replacements both for the 727 and for the 737s which it is intending to buy as stop-gap replacements for its Caravelles.

On the civil front the other main success story has come from Dassault. It has sold more than 700 business jets all told and last year orders were received for 36 Falcon 10s; 64 Falcon 20s including the Coast Guard order and for 71 of the Falcon 50 tri-jet which is still undergoing trials.

Batch

The State provides in its 1977-1982 military procurement plan to receive an initial batch of 127 Mirage 2000s—the aircraft on which French hopes are placed following the abandonment of the ACF (Avion de Combat Futur). Eventually the French are likely to acquire some 400 of the Mirage 2000, which is being developed as a single and twin-seat aircraft.

The company itself envisages developing a twin-engined version christened the Mirage 4000. The prototype 02 of the 2000 should fly by the end of summer and the 03, fully equipped with electronic gear and weapons systems, in spring 1979. The first twin-seater the B 01 should fly in 1980. The aircraft has the Snecma-developed M53 motor, and the ability to go into series production for the M53 and for the civil CFM-56 is very important for Snecma's financial health—the group employs 19,000.

Dassault-Breguet is the backbone of the French aerospace export effort. Of its 1977 turnover of Frs 5.69bn around three-quarters was gained overseas.

The company received orders worth Frs 12.758bn in 1977 of which FFr 10.697bn was for export (more than FFr 8bn of it military). In the period 1974-77 the company's orders amounted to Frs 31.9bn of which Frs 23.6bn was export, all but Frs 3.9bn of it being military.

Switching the focus to the French industry as a whole export orders received last year, excluding options, amounted to Frs 23.8bn. Almost Frs 12bn of this was for complete aircraft and airframes, including some FFr 1.26bn done in collaboration with other countries.

The State intends to take a one-third stake in Dassault to achieve closer co-ordination in the national industry. The means by which this stake is to be achieved, other than that it will be a conversion of loans into equity, have not been spelt out. The octogenarian Marcel Dassault appears unconcerned: he has already been nationalised once by the Popular Front government before the war and he is confident that Dassault, employing only 15,000 of the 108,000 people in the industry, will play the role as the brain of the industry.

Aerospatiale is, in comparison with Dassault, something of a poor country cousin, though this is rather unfair on it. It has of course the Concorde, with some 2,400 jobs draining away, and it had to bear the long early years of the Airbus development when sales came in dribs and drabs. Its most glamorous sector at the moment is helicopters, of which it has eight models in series production.

Its other relatively buoyant area has been missiles. This division employs around 6,000 and had a 1976 turnover of Frs 1.7bn, of which a quarter was accounted for by the joint Euromissile subsidiary with the German MBB. At the end of 1977 Euromissile had orders worth some Frs 5bn for its Milan (light anti-tank): HOT (heavy anti-tank): and Roland (ground-air) missiles and its turnover is running at around Frs 1bn a year, for which Germany and France account for about half.

The real problem for Aerospatiale is in its aircraft division. The company reckons that in the third quarter of this year it will still be around 20,000 hours a month short of work but that it should reach the level of some 320,000 hours per month at the start of next year. Its production line for Concorde will be replaced by that for the Transall for the Air Force, providing some 2,000 jobs, and the Mirage 2000 work for Dassault should replace the super-Frelon helicopter production line. The Mirage 2000 production rate should reach four a month in 1983. The speeding up of the Falcon 50 and Airbus lines will provide some more work and output of the Mirage F1 may go from six to seven a month.

Aerospatiale's missile activity has already been mentioned. To the Franco-German collaboration must be added the Exocet sea-to-sea missile developed in co-operation with the UK and the ground-to-ground Pluton missile with a nuclear warhead, as well as a series of first generation missiles and a range of target and pilotless vehicles. The company also has a significant stake in European and French ballistic programmes.

It is a matter of fundamental national strategy that France should remain competitive in areas of high technology, not only to safeguard her own independence but to be present on the high-value export markets of the next generation. This means in particular developing the capacity to compete with the U.S. or adopting and "naturalising" American technology where necessary. Usually it means a combination of these and aerospace is a prime example. The Airbus is U.S. powered and the new JET, which will be of European conception, will be powered by a Franco-American engine built around the power unit for the now abandoned B1 bomber.

At the same time the French industry recognises that it has no choice but to play the European card: the Concorde, the Airbus, the Jaguar, the Alpha-Jet and increasingly the helicopter and missiles sectors are being developed by joint venture. Strategic missiles apart, only in its main combat aircraft has France made a purely national choice—the Dassault 2000—while admitting that an aircraft like the ACF is no longer within the capacities of a single European country to develop.

Although it is by no means excluded that the interests of national independence will continue to dictate an exclusively French development of main battle aircraft—the eventual post-Mirage 2000 generation is already under study—France has made co-operation in aerospace something of a litmus test for the European sincerity of her EEC partners. That is one of the reasons why the decisions which the British Cabinet has to take will be awaited so critically in France.

D.C.

THE UNIONS

Lack of cohesion

UNIONS, EMPLOYERS and Government are now shaping up for a long and probably difficult series of post-election pay negotiations. Since the Left's defeat in March, all the main union leaders have been in and out of the offices, first of President Valéry Giscard d'Estaing, then of Prime Minister Raymond Barre, then of the employers' chieftain M. François Ceyrac, but there the inconclusive sparring ends.

In the background of the talks will be the prospect of an increase in unemployment this year, especially if the Government sticks by its policy of not reviving "lame duck" industries, and a probable return to double-figure price inflation.

Although there have recently been signs of stirring on the labour front after a period of relative freedom from strikes, the kind of protest strike movement some feared after the election has not materialised.

Stoppages have been gaining momentum in the public sector (the railways, Paris buses, post offices, power stations, Renault) and in condemned ship repair and textile businesses, but there has so far been no concerted action.

On the other hand, there can be little doubt that the elections, or rather the campaigning before them, aroused expectations, especially among lower-paid workers, of a big rise somewhere just around the corner. The impact of these expectations has been delayed, what with the shock of election defeat and the considerable disarray among the unions themselves, which despite their weak membership are heavyweights on the French political scene.

The testing time may well not come before the end of the summer, when unionists have had time to assess the scope of the Government's commitment to social measures.

In the meantime, the two biggest union confederations, the Confédération Générale du Travail (CGT) and the Confédération Française Démocratique du Travail (CFDT), have a period of rethinking to go through. In the opinion of M. Edmond Maire, the CFDT leader, both made a gaffe by hitching themselves too closely to the political parties of the Left.

Contracts

The anniversary of May 1968's student and worker revolt has highlighted a marked contrast. Ten years ago, up to 10m workers were mobilised in strikes, subsequently forcing the Government's hand in jacking up the lowest wages by a third; but the political counterpart to the social movement was lacking. In 1978 everything went into the political movement; the social mobilisation was lacking.

M. Maire's 1m-strong union, far less centralised than the bigger, Communist-oriented CGT, is now concentrating on reviving its bases, turning its attention towards specific local struggles rather than national struggles.

It is M. Maire who has taken the most surprising stance after the election—breaking precedent by requesting a presidential audience, showing himself prepared to negotiate, even if results are partial. In the initial limbering-up talks it appeared that the Government might have a surprise trump in M. Maire, although the CFDT leader was quick to deny a volte-face or even a rapprochement with the moderate Force Ouvrière of M. Andre Bergeron, usually more ready to play ball with the Government.

The preliminary contacts have produced few noises of satisfaction from the unions. They have yet to assess proposals to update the minimum wage system through the concept of basic family incomes. The minimum SMIC (minimum interprofessional growth salary, itself a new system brought in in 1970 to replace the separate industrial and farming base-rates, which started with the return of free collective bargaining 20 years before) has just been raised by a less-than-hoped-for 3.87 per cent to Fr 1,811 per month on the basis of a 40-hour week. In real terms, the increase was just over 1 per cent, well under par in terms of M. Barre's earlier pledge that by the next election in 1983 the minimum would be the current equivalent of Frs 2,400—the wage the Left campaigned for in March.

The minimum wage applies to about 700,000 workers, many of them Algerian immigrants. But the number earning basic wages between that level and Fr 2,400 is several times that figure.

The unions are also less than enthusiastic with the proposals put forward by the employers' organisation, the Patronat. The Patronat wants more flexible arrangements, case-by-case

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SOCIAL INEQUALITY

Still much to do

SINCE PRESIDENT Giscard d'Estaing was elected to the Presidency there has been a great deal of talk about greater "social justice" and a fairer distribution of incomes and the wealth of the country. But the achievements on both these counts have been disappointing. Certainly, the national minimum wage has gone up faster during the first four years of President Giscard's term of office than at any time since the sharp rise following the student-workers' uprising in 1968, and family allowances and other social benefits have also been substantially raised. These measures, however, have hardly scratched the paint off what has long been *one of the most serious problems* facing French society and the cause of much social and political tension—the very large gap between the rich and the poor.

The promised fundamental fiscal reforms, which could mark the beginning of a fairer distribution of income and wealth, have failed to materialise, with the exception of a capital gains tax which is very mild by the standards of most other western countries. A wealth tax, though theoretically under consideration by the Government, is unlikely to see the light of day for some time yet. The income tax system, though no longer the leaky instrument which was once the source of so much amusement, still gives the wealthier section of society and members of the liberal professions a much better deal than in all the other Common Market countries, with the exception of Italy. And the heavy emphasis in the fiscal system on indirect taxation obviously hits the poor proportionately harder than it does the well-off.

For a long time, the authorities refused to accept the frequent claims that, among the highly developed countries, France was in the vanguard of those with the greatest social inequalities.

But while it was relatively easy to reject the OECD's comparative study on the subject—after all, Governments constantly contest the international organisation's figures—it was much more difficult to ignore the findings of two very reputable French research institutes, one of which had prepared a report at the request of the Government itself. Both the reports, one by CERC (*Centre d'etude des revenus et des couts*) on incomes, and the other by CREP (*Centre de recherche economique sur l'epargne*) on the distribution of wealth, reach similar conclusions. While they do not, like the OECD, make international comparisons, their findings show that income and wealth disparities are still unacceptably large in France. And, what is even more striking, that much *less progress* has been made to bridge the gap between rich and poor than might have been expected from a country which, during the last two decades, has become one of the most prosperous in the world and whose average per capita national in*come has risen* by more than 4 per cent per year since 1960.

The figures quoted in the report on income distribution are not, it is true, entirely up to date. But they are recent enough to give a picture which still remains generally valid. In fairness, it should be said that *there has been a marked* improvement in the trend since 1968, the great watershed in France's post-war history, when the explosion of student and worker anger finally forced the Government to take a more realistic view of the widespread social discontent in the country.

Whereas, between 1955 and 1967, the salaries of executives and middle management (the so-called "cadres") rose by as much as 190 per cent compared with only 71 per cent for those on the national minimum wage, thus sharply increasing income differentials between the highest *and lowest paid*, between *1970* and 1976 the wages of the lowest income group have risen by 144 per cent as against only 86 per cent for the "cadres."

Nevertheless, the faster growth of the lowest incomes between 1970 and 1976 did not entirely compensate for the ground they lost in the preceding 15-year period. It is probably not until this year, thanks to the Government's decision to freeze top executive salaries, while allowing the minimum wage to progress, that the gap will really begin to be closed.

Some eloquent figures are given in the incomes report to *illustrate the size of this gap*. In 1976, the average salaries of executives were still about four times higher than the average wages of ordinary workers. Thus, while a senior executive (cadre superieur) earned an average of Fr 8,400 a month, equivalent to a net annual income of about Fr 120,000 (about £14,000), including the universal payment *of a 13th* month, the average monthly wage of a worker was no more than Fr 2,200.

Perhaps even more striking was the report's finding that, in 1976, one wage-earner in three still earned less than Fr 2,000 (about £235) and that as *many* as 56 per cent earned between the national minimum wage of Fr 1,750 and Fr 2,500. Family allowances and other social benefits may push up this last figure to between Fr 3,000 and 3,500, which may not be quite a "bread-line" income, but *which is still* very low for a family with two or three children, given the high cost of living in France.

Evident

What is true for salaries and wages is even more evident for *the distribution* of the country's wealth. The study by CREP, published by the Government-controlled National Institute of Statistics (INSEE), shows that, while the average wealth of French households was multiplied by 13 in constant francs between 1949 and 1975, an increase of more than 10 per cent per year, it was the wealthiest section of society which benefited most from this expansion.

The ratio between the wealth of the 10 per cent of richest households and the 10 per cent of poorest households has practically doubled over the last 25 years in favour of the first group.

The 1 per cent of richest households have seen their wealth grow by an average of something like 18 per cent. per year over the period studied, while that of the 10 per cent of poorest households grew by no more than 7.5 per cent.

As a result, about 10 per of households currently possess as much as 52 per cent of the country's patrimony, while 50 per cent of others own no more than 5 per cent.

Broken down by social categories, the wealth increase was *greatest for industrialists*, businessmen, shopkeepers and the liberal professions—nearly 12 per cent per year—while the wealth of workers and simple employees grew by only 6 per cent.

Several reasons are given by the *report for the widening* of the wealth gap. People who already possessed a considerable amount of wealth at the outset were at a great advantage during this period of heavy inflation. They were able *to benefit from the sharp and* constant increase in property values and owners of capital could hedge against inflation by judicious investments.

On the other hand, the wages of the poorest groups barely kept up with the cost of living index while interest rates for small saving have lagged behind price rises and rents have in*creased by more than the rate* of inflation.

The findings of the report are not entirely negative, however. The faster increase in the wages *of the* lowest income groups since 1968 has enabled a much greater number of people to purchase their own homes and thus to benefit from long-term capital gains.

Today, nearly one household in two owns its own home, compared with only one in three before 1968, while as much as 10 per cent of families own what the French describe as "a *secondary residence*." The in*crease in property* owners has been particularly marked in the younger age groups, an en*couraging development* as far as the *future* trend of wealth distribution is concerned.

There are, it should be said, some serious shortcomings in *the statistical basis used in the* report. It does not, for instance, take into account the ownership of gold and jewellery or works of art, reliable figures for which are not available, given the Frenchman's inborn reluctance to reveal the value of the gold which he has hoarded under his mattress or, indeed, that of any of his other treasures. Nor is agricultural land included, since statistics in this area are hard to come by and are often contradictory. Most seriously of all, perhaps, given the widespread ownership of cars, which must certainly be considered as a valuable addition to the wealth of families in the lower income groups, consumer durables are also excluded from the study.

Nevertheless, together with the report on incomes distribution, the study provides a valuable and revealing insight into the structure of French society and the problems which still remain to be solved before President Giscard's objective of social justice is attained. A wealth tax, even if it is adopted, will hardly do the trick. The answer can only be found in a fiscal system which gives greater weight to direct taxation and a wages policy which allows a much *faster rate of* growth for the lowest than the highest paid.

R.M.

Cohesion

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agreements rather than nationwide accords and the introduction of an annual quota of working hours. This would supersede the 40-hour basic maximum brought in in 1936.

The employers also want to redefine pay agreements in terms of an employee's total income, which would include end-of-year and holiday bonuses, long service payments and 13th and 14th monthly salaries: most employees receive some or all of these perks, but by no means on a standardised basis.

The white-collar unions grouped under the Confédération Générale des Cadres (CGC), support the proposal. Insurance workers got an agreement of this kind in 1974, covering all extra payments except for overtime. Chemical companies have also proposed a total-income agreement to their unions before. But the idea is still too much of a new one to most unionists for it not to be greeted with suspicion.

The round of employer-union talks coincides with active debate within the union confederations themselves. The CGT in particular has some soul-searching to do before its congress in November. In factory-floor inter-union polls it has repeatedly lost ground, in most cases by between 4 and 8 per cent. This trend was especially marked after the election—apparently displaying members' discontent with the union's political involvement—although more recently the CGT's popularity appears to have picked up, notably in the new steelworks at Fos near Marseilles.

The CGT votes have gone less to the CFDT than the Force Ouvriere, originally a splinter union of the CGT. The number of non-unionised—referred to by M. Maire as the unions' parasites—has also risen.

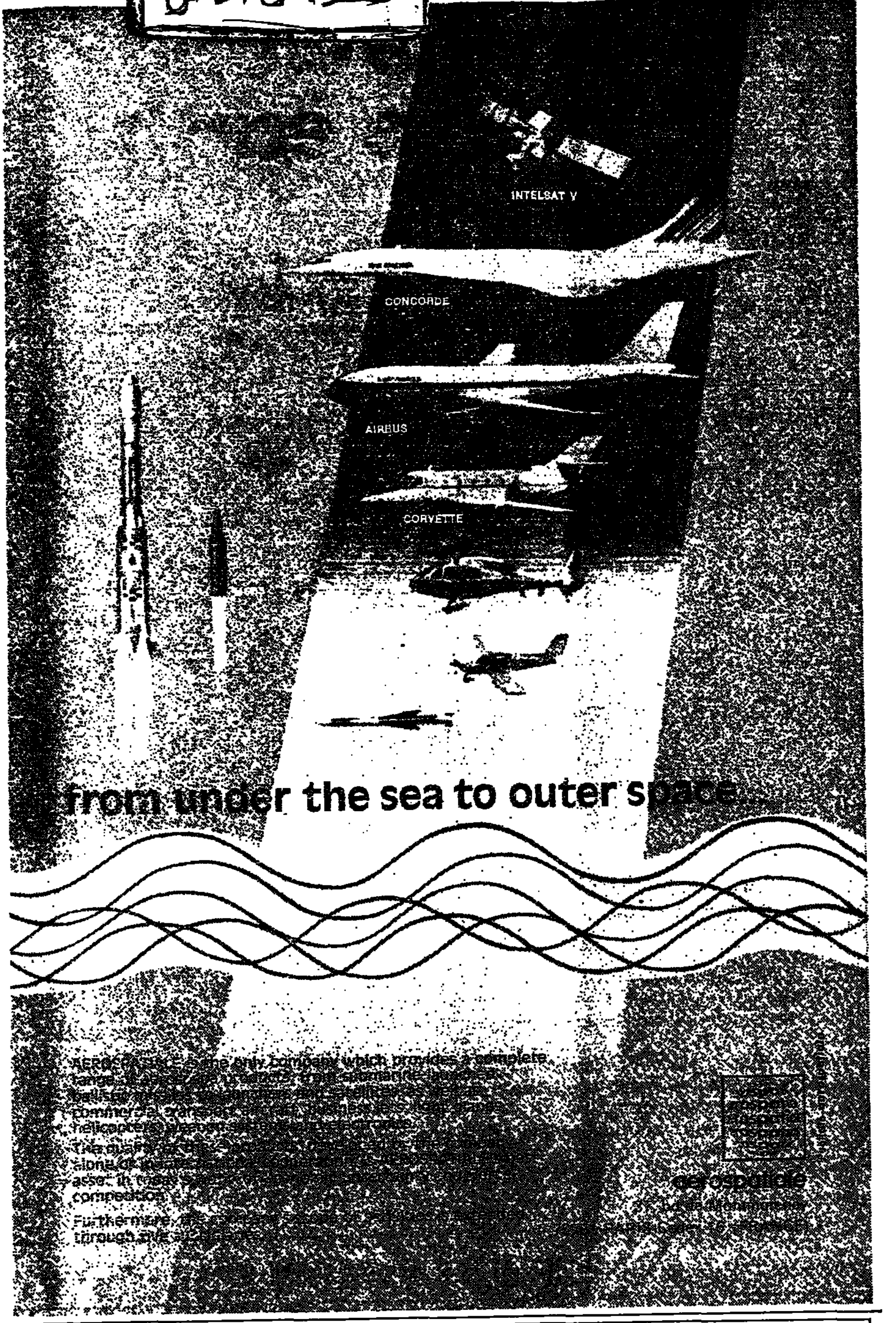
France, partly because of its rural base, is the least unionised country of western Europe (and also one of those to show the greatest spread in income levels). It has about 4.5m union members, almost half of them in the CGT, constituting 20 to 25 per cent of workers, or around half the level in the UK.

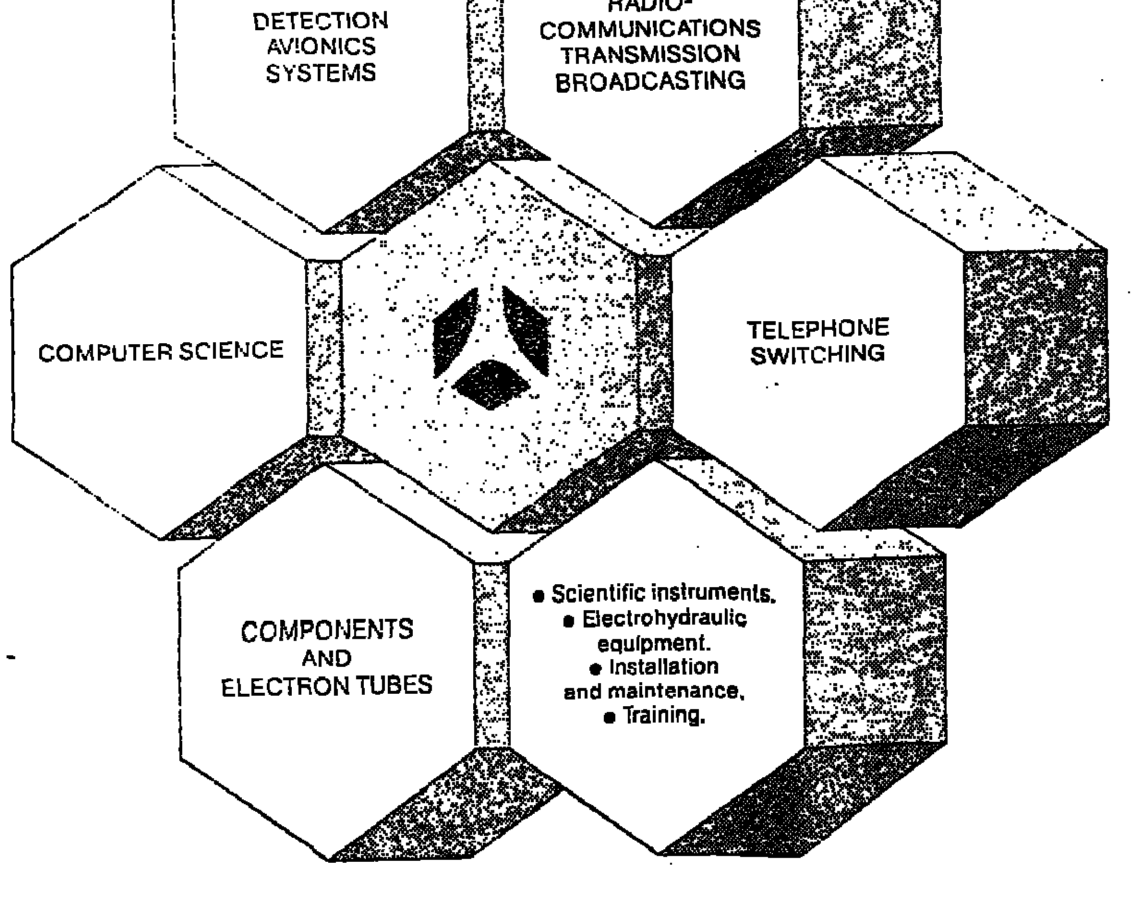
The militant teachers' and researchers' union FEN is the only exception to this rule: its 550,000 members represent 70 per cent of the profession, and response on strike days (there have been five in the last two years) is about four-fifths.

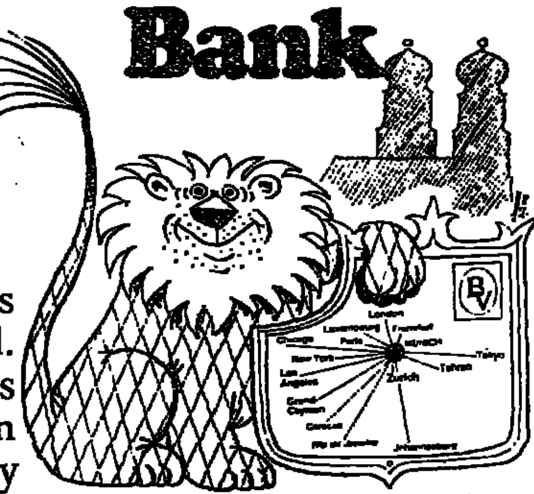
The common ground between the different unions is shaky. Force Ouvriere, although its leader, M. Bergeron, is a Socialist, refuses to join hands with the Socialist-orientated unions (CFDT and FEN) as long as these are in cahoots with the CGT. The CFDT, although an ally in many disputes, is sharply critical of the CGT. Although the CGT is these days *in favour of worker participation* in management, its idea of it (unionists in management) differs from the CFDT's more open approach. Force Ouvriere, unimpressed by the experiences of Yugoslavia and Algeria, is against it. It also opposes the series of one-day stoppages which are typical of French industrial action. While the CFDT preaches greater egalitarianism, the narrowing of differentials does not go down well with Force Ouvriere or even with some sections of the CGT.

The lack of cohesion in the labour movement — ironically made worse by the elections—may well ease the Government's task in the coming months.

David White







AGRICULTURE

The backbone of foreign trade

"FRANCE'S OIL" is how President Giscard d'Estaing. possibly after a very good lunch, once depicted the importance of farm produce to the country's economy. But if France is a land of abundance. the biggest agricultural producer in Western Europe, and if it can continue to rely on its farmers to provide the backbone of its foreign trade, there is still a long gap between flowing with milk and honey and flowing with oil.

The idea, at least a few years ago, was that France would build up enough of a surplus on its food trade to pay for a good part of its energy bill. But the target of a a Frs 20bn surplus in 1980, equivalent to almost half France's annual agricultural sales, seems to have been wishful thinking. It was based on the halcyon days of 1974, when in its fourth surplus year running France turned in a net profit approaching Frs 10bn on *its food trade.*

But since then the lucky numbers have not come up. There was the long drought of two years ago, then late frosts in the spring of last year followed by violent storms and floods in the south-west. Parisian summers are inaugurated with the arrival of cherries from the Yonne; last year the cherries were wiped out and this year they are late and few—a poor augury.

Prices of food imports such as coffee and farmers' feedstuffs such as soya have soared in the meantime. France's agricultural account was Frs 3.76bn in the red last year. Its exports rose 12.6 per cent while it had to pay almost a third more for imports, its cattle herds and fruit crops having been reduced by the weather. This year's prospects are a bit better. but a big deficit of Frs 1.35bn in January has to *be recovered.*

France's position as the world's second food exporter, after the U.S., now has other contenders in the shape of Holland. with a much smaller home market, and Brazil, with almost unlimited land resources.

Temptation

There is a strong temptation for French farmers to blame their current straits on the workings of the EEC (even in its present form, without the competition of Spain, Portugal or Greece). Although the markets opened up by EEC membership provided a big impetus to farm growth in the 1960s — along with France's first real agricultural policy, setting aims for modernisation, farmers' revenue, prices and subsidies — the Common Agricultural Policy has to some extent backfired on France.

The system of green currencies and MCA payments began as a concession to France when it devalued in 1969 and did not want a sudden rise in its domestic food prices in line with Community norms. But the monetary compensation amounts now work in such a way that French exports are taxed and imports subsidised, which means that French farmers lose any benefit they might gain from a decline in the franc's value. On the other hand the cost of imported fertiliser and feedstuffs goes up.

The system of frontier payments is seen as the main *cause of the French farm deficit* — especially that of January — at the same time as it favours farm development in strong-currency countries like Holland and West Germany. But MCAs are hardly the only villains of the place; for one thing, a good part of French produce, such as wine, falls outside the system.

"It would be dangerous," say M. Pierre Méhaignerie, Agriculture Minister, "to tell our farmers that everything depended on Community decisions."

Despite all the efforts taken since the early 1960s and despite the generally impressive record of farmers' co-operatives, there are strongholds of inefficiency. France still counts a lot of small farmers and a lot of old farmers. Technically and commercially, the Germans and Dutch are ahead in many areas.

A number of measures were brought in during the early 1970s to bring France's farming image more up to date. The scope of the Crédit Agricole, the Government-owned soft loan agency, was extended to embrace the whole rural sector, including activities such as tourism. The "SICA" farm co-operative groups were redefined so that they could have up to a fifth of their members not actually working on the land. *Regional programmes* were introduced in the mountainous areas of the Auvergne, Limousin, Lot and the West, and a drive begun to change over from dairy farming to beef and to increase the value of farm output by processing more of it locally.

But modernisation has been slow, not least because the farmers, with one in 10 Frenchmen living on the land, have been politically coddled because of their electoral weight. Although there has been a concentration into bigger farming units, the average French cattle herd, for instance, has only 26.2 head, compared with 69.4 in the UK or 44.1 in the Netherlands, and lower even than Ireland's 28. (Cattle farmers have in fact seen their income rising faster than most, because of price trends.)

Production last year failed to get back to the 1974 level, entailing a loss of Frs 10-12bn, according to the Ministry. Official figures show farmers' average income last year rising by a slim 1.7 per cent after several years of stagnation—this while the number of farmers is steadily declining by about 3 per cent a year. Output rose by 4.3 per cent last year and is expected by the Ministry to be higher this year, with selling prices rising faster than costs. But farmers' organisations do not expect this year's improvement in income to be much more than last year's.

The slowdown in farmers' revenue has taken place despite large injections of government aid into the rural sector—Frs 4.39bn last year, including the residue of the 1976 drought relief plan.

Since the beginning of the decade, agricultural output has increased by an unastounding 13.3 per cent. The growth in arable farming is more pronounced. Cereal production in 1970-77 went up by over 40 per cent, helped by high prices; France's surplus of maize, in particular, *has risen apace.* Beef and pork production, on the other hand, are well behind needs; France has to import about Frs 2bn worth of pigmeat a year.

Cereals

When France's farm trade was in surplus, this was almost entirely due to its big output of cereals and wines and spirits. *Discounting* those categories it was an agricultural importer.

M. Méhaignerie has pledged fresh legal reforms to foster farming profits. Agriculture has a privileged place in this year's budget, in which the Ministry's allocation, not including credits, goes up by 22.5 per cent to Frs 19.67bn. Overall, what with credits and social programmes in rural areas, some Frs 47bn is due to be ploughed in—as much as the world's purchases of French farm produce last year.

In parallel with the Government's new industrial policy—helping companies to strengthen their own resources while letting lame ducks float to damnation, the emphasis is turning towards weeding out the inefficient farm unit. At Vassy in Normandy at the end of last year, President Giscard told farmers: "The rule is that producers should not be assisted. They should draw their incomes from their production. That alone is compatible with the value of their work."

The Crédit Agricole, which lays claim to being the third largest banking institution in the world, is recommending giving farmers better margins through price changes and substituting the inheritance law on land, a hangover from Napoleon.

Under the Code Napoléon inheritance system, the heirs share the land equally. In practice this does not usually happen—if it did those rolling hedgeless cornfields would by now be garden allotments. But the pay-offs made by the farming heir to his fellow-inheritors to compensate for their land rights soaks up a lot of the credit going into French farming. Agriculture is, after steel, the second most heavily indebted sector in France. Farmers' total debt last year was Frs 120bn, and the Crédit Agricole alone put in Frs 21.6bn, of which Frs 17.5bn was lent on Government-backed easy terms.

The Crédit Agricole's point is that, partly because of the inheritance system, farmers' debt is rising faster than production. The increasing cost of servicing the debt is one of the factors that makes them less competitive.

The authorities are also pushing for a more active food processing industry. About 60 per cent of what is grown or raised on French farms is now processed. The industry is large—over Frs 154bn turnover, engaging 3,700 companies and employing 5 per cent of the French industrial labour force—its main activities being milk (a leading export after cereals), meat and alcoholic drinks. The co-operatives have been moving increasingly into industrial operations, and now account for about a quarter of the sector's turnover —45 per cent of the milk, 44 per cent of distilling and 21 per cent of meat processing. But a number of the big companies—like the Lesieur edible oils group or Sir James Goldsmith's Générale Occidentale — are caught up in the throes of reorganisation, and, apart from a few brilliant export successes such as Perrier in the U.S., the industry is considered to be underperforming on foreign markets.

The Government would like to rely less on the export of raw *farm produce, which make up* half of France's sales. The only hitch is that client countries also prefer to do their own processing.

The most fundamental of the problems affecting both raw and processed goods is where and how to sell. As the results of the forthcoming GATT negotiations are awaited, M. Méhaignerie has launched a crusade for an EEC export policy to *third countries, including a new* stock system.

French farmers' prospects depend to an increasing extent on these outside markets. France relies on the EEC to buy two-thirds of its farm exports, but its market there has begun to level off. Other countries have become more self-sufficient—witness the West Germans' improvements in sugar, cereals and butter—and more efficient. France's position in EEC trade in farm goods is deteriorating.

At home, of course, people eat as well as ever, but even French appetites are not limitless. Consumption grows about 3 per cent a year, while French families are spending a smaller proportion of their income on food and drink.

D.W.

LYON

On the way up

A LYON city councillor received me for an interview. "Transfer me no more calls," he told his secretary—"unless of course it's *the Ministry of Finance in* Paris." I smiled. He smiled too: "Sorry: that's France for you."

The nation's second city (pop. with suburbs 1.2m) has been trying hard in the past years to escape from the old spider's web of French centralism and create for itself a proper international role, equal to that, say, of Turin, Dusseldorf or Manchester. It still has a long way to go.

At least it has laid the basis by investing massively in a *modern infrastructure* (with State help), and the results are impressive: there is to-day a touch of Chicago about this staid old town astride the Rhone and Saone. New motorways radiate; Satolas, the big new airport, has direct flights to 71 world cities; the office complex of La Part Dieu, with its 500 feet skyscraper, includes what is said to be the largest commercial centre in Europe. And the airy, comfortable Métro, opened last month, has given the provincial Lyonnais some hint of living in a metropolis.

Yet these physical changes alone cannot turn Lyon into a true European metropolis unless the city can also attract "an apparatus of decision-making," as it is called. The Government, aware of the problem, proclaims its desire to decentralise and notably to build up Lyon as "an international centre of service industries," a counterweight to Paris. Many Lyonnais remain sceptical, knowing the tenacity of the Jacobin tradition.

This proud mercantile city has a long record of resentment against Paris, and in recent years has begun to take action. A few senior bankers and businessmen have put pressure on Paris to help them reactivate the city's historic role as a centre of banking and finance: *Paris has shown some response,* and the first modest results are encouraging. The Banque Nationale de Paris, one of the three major State-controlled banks, has physically transferred from Paris its department dealing with the Lyon area, so that most decisions affecting the region are now taken locally. The director told me: "previously, 96 per cent of local transactions were referred to Paris for approval, now it is only 30 per cent." This and other banks have also greatly increased their ceilings for transactions that can be decided locally (in the case of BNP, from Frs 1m to Frs 10m, it is said), while the Banque de France has set up a special directorate in Lyon (its first outside Paris), with sizeable powers of funding. Official bodies dealing with the *insurance and subsidising* of exports have followed a similar

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TOWN PLANNING

The President takes an interest

WHEN A visitor to France arrives in the capital he invariably asks "What's happening now on the old site of the Halles meat and vegetable market?" and "What's happening at The Defense?" Both of these *have been* billed as prestigious, showcase projects over the years, and they remain unfinished. A third question inevitably arises, namely, "Is one justified in considering what happens in and around the capital in terms of architecture and town planning as represensative of what is occurring elsewhere in France?" The answer is, I think, yes it is, whether it be in terms of urban renewal, of housing construction or particularly in the new cities around major centres, of *office building*.

Architecture is a national concern in France, not just culturally but economically and politically, and perhaps more so than in any other country. Rich in architectural traditions, the country also gave the world the first generation of "scientific" modern town-planners in this century. However, France is also well-known for its highly centralised governmental apparatus. Recent events in and around the capital illustrate the extent to which *architectural concerns* are intimately linked to the economic and political goals of high-level decision-makers. The irony is that these same events demonstrate great uncertainties on their part about precisely which solutions to choose now that the policies of previous administrations are well on the way to being achieved.

Indicative of the significant impact of executive authority upon transformations of the physical environment is President Giscard d'Estaing's role in deciding the nature and quality of the final solution for the Halles, the Defense business and residential complex, and even the status of the professional architect himself.

It may seem curious, but not at all beside the point, to ask whether we will see emerging an official attitude toward architecture that one will categorise in the future as Giscardian. If General de Gaulle and M. Georges Pompidou will be remembered for having launched the Defense and the plateau Beaubourg in hopes of keeping Paris on the commercial and cultural map, it is perhaps for his interventions in completing the Halles that M. Giscard will be evaluated.

One of his acts upon becoming President of the Republic in May, 1974, was to modify the programme for the Halles by eliminating the 90,000 square metres international commercial *centre then projected for the* western portion of the site, and by calling for more green space. A limited consultation of architects was held, and the conceptual ideas of Catalan architect Ricardo Bofill, 38 years old, for surrounding an elaborate garden and fountains with buildings vaguely reminiscent of those on the Rue de Rivoli (but highly imaginative in their decorative allusions) were rumoured to have caught the presidential fancy. There was subsequently such a furore raised by old guard French architects and local citizenry that it seemed more prudent to nominate *three* architects to study the problem (one of whom was Mr. Bofill).

With the elimination of considerable commercial space there has developed an *undeclared running struggle* between the SEMAH (Societe d'Economie mixte pour l'Amenagement de Halles) and the Government. The new master plan submitted two years ago provided for a series of separate buildings to close off the eastern end of the site towards the new Beaubourg cultural centre. This plan has yet to be presented officially to the various ministerial advisory commissions of experts which are normally asked to approve the designs for *major constructions before* a building permit is awarded. Just at the time of the recent elections a building by Mr. Bofill, whose participation had since been limited to designing a 250-unit apartment building next to St. Eustache church, received a building permit. A win for Giscard, one might *assume*.

However, Paris now has a Mayor as from last year, after a century or more of being an anomaly among French municipalities. The Government, acting through a Prefet to decide all municipal matters, is now being coaxed into relinquishing much of its power to the strongly ambitious, potential rival to the President, Mayor Jacques Chirac. The latter is demanding that the Mayor's office have the final say on all urban planning matters, including building permits. In the past few days he has spoken out publicly against the Bofill solution for housing, so that one is once again in doubt as to its construction.

Adjacent

On the other hand, M. Giscard has also called for the construction of a vast new music centre on the site adjacent to the Bofill housing. The Mayor, whose First Deputy, M. de la Malene, is also president of the SEMAH, has agreed to the proposal which will also include 4,000 square metres of commercial space.

Zone A of the Defence complex remains a perpetually unfinished building site. Not only has the economic crisis since 1974 thrown into doubt a number of forecasts about the potential growth rate and viability of this *centre d'affaires*, but the architects and planners seem perplexed as to how best to go about making the inhuman spaces more human. The vast central promenade serving the various office towers is as formidable as it is cut off from the rest of the urban fabric by a wide ring-road. While the whole complex is now efficiently and comfortably *served by a* regional express railway (RER) linking it to eastern and southern suburbs of Paris, the *commercial centre* (still unfinished) and offices are physically isolated from the zone of low-income housing being built a short distance to the west in Nanterre.

Whether or not it will ever be possible to bridge the obstacle of the ring-road sufficiently well to attract inhabitant to do their shopping in the immense centre projected and paid for by the State remains to be seen. *For* the moment, everyone is unanimous on the necessity of completing and humanising the platform running down between the towers with something more than just a sculpture garden. These towers, sentinels of capital and industry lined up on each side of the platform, are a kind of rogue's gallery of the best and worst of commercialised modern skyscraper design. *Their variety of shapes, sizes,* colour and brilliance of reflecting glass are impressive, even amusing, but at the same time *overwhelmed by the radical differences* in scale between the man standing on the platform and the 40-storey tower which swoops up from his feet. It is now up to the public office (EPAD) created to develop the site and its elaborate infrastructure—but not the architecture of the individual towers, which was left to the owners—to find the financial means and design talent to transform (if possible) this "segment of Manhattan" into a viable urban space; a cosmetic job will not suffice.

There are a *number* of parallels between the situation at the Defense and that which exists in a number of the French new towns of the Paris Region and elsewhere in the country. The central Government established the Master Plan creating the new towns in *1965*, and engaged considerable capital in land acquisition and in building the necessary infrastructure for attracting industry *and residents. As at The* Defense, there has been a slowdown in the growth rate of some of these cities (e.g., Evry *New Town), and as a result the* inhabitants find themselves facing the costs of paying for an over-endowed infrastructure *and cultural services.* The famous Agora Center in Evry has a deficit of FFr 8.5m, in large part due to the fact that the city was planned for 300,000-400,000 residents and today houses less than a third of that number.

Moreover, from an architectural point of view, inhabitants are paying the price (cheaper than in central Paris, it is true) *of having to live in apartments* in densely-built-up urban agglomerations that are the result of experimentation by architects, industrialised building companies and developers.

The question now being raised at the highest levels is *how much more money to* invest in the development of new towns and how much should be devoted perhaps to the progressive economic expansion of existing middle-sized cities in the region. Here again there is a reordering of priorities going on after a first prolonged phase of reaching concrete results.

A significant shift in attitudes concerning architecture and town-planning appears to be taking place, but it is too early to define its precise character. A younger generation of architects *is finally being given the* chance to build before they reach 40

Running concurrently with *the Government's reassessment* of the major projects has been an active endeavour to reform both the teaching and practice of professional architects in France. Just over a year ago legislation was passed requiring that an architect be involved in the design of all major projects, notably public commissions, with the one exception being made for individual home construction. Nevertheless, a system of local and regional architectural councils was created and given the powers to accept or refuse a given *project. Companies engaged in* producing industrialised house-types must engage an architect to develop their model-types.

A *final illustration* of the important effects to be anticipated as a result of direct personal concern on the part of President Giscard d'Estaing is his announcement, in a speech to the Academie d'Architecture last October, of the creation of an interministerial commission to improve the quality of public buildings. This is still another means by which the President hopes to achieve what he has declared: "My ambition is to reconcile all Frenchmen with architecture, to permit architects to excise their profession *fully and to favour the creation* of a new French architecture, innovative and comprehensible to all Frenchmen."

Brian Taylor

On the way up

CONTINUED FROM PREVIOUS PAGE

trend. And this year, with Ministry of Finance support, Lyon has innovated the creation of a new independent body, Siparex, whose primary role is to raise local finance for local medium-sized firms. A secondary aim is to revive the highly moribund Bourse de Lyon.

These and other measures have been welcomed by local industrialists as marking a step towards reducing Lyon's financial dependence on Paris. The *banking scene* has become livelier: *each year, several banks* open their first branches in Lyon, and a total of 56 are now represented. Twelve are *foreign*—a sign of the city's growing new cosmopolitanism.

The Government's regional development board, DATAR, is also trying to persuade French companies, especially those who manufacture in the Lyon area, to transfer all or part of their head office activities from Paris to Lyon. *This is not easy, for* French firms large or smallish usually prefer to keep their HQ in Paris, near the Ministries who *must be* lobbied so assiduously. So DATAR saw it as quite a coup when Rhône-Poulenc, the chemicals giant and *a Lyon firm* by origin, recently transferred the head office of its fertiliser division to Lyon (where most of its R and D and *plant* are situated), to be followed soon by the textiles division. And in 1974 Pechiney moved to Lyon its patents *division*, attracted by the fact that most leading countries have full consulates there.

But powerful economic pressures *are still* pushing in the other direction too, towards more centralisation. Berliet, the Lyon lorry manufacturer, always *prided itself on* being one of the very few large French firms to keep its head office at its plant, in the provinces: but now *that* Berliet has been taken over by Renault/Saviem, this office is being moved to Renault's own Paris HQ. It is a blow to Lyon's pride—and its coffers: Berliet represented some 12 per cent of local banks' turnover.

M. Dominique Nouvellet, director of Siparex, says: "As you can see, it's a race against time, this campaign to decentralise, when modern mergers and rationalisations are driving the other way." Lyon's bid to become a "a capital of decision-making" has also been obstructed by the post-1973 economic slowdown. Several firms, French and international, which had planned to put a headquarters in Lyon have now held back because their own expansion rate does not justify it. And this helps to explain the collapse of the local *real* estate boom. The acres of new offices at La Part Dieu were planned or built, partly by *British developers*, at a *time of* rapid growth when the expansion of the market looked limitless. But demand has now *fallen sharply: nearly* all the offices in the 36-floor Credit Lyonnais tower are lying empty. Even the Marks and Spencer store at La Part Dieu (one of three in the EEC, along with Paris and Brussels) has felt the economic pinch and last month decided to reduce its floor space by half, to 15,000 sq ft.

Temporary

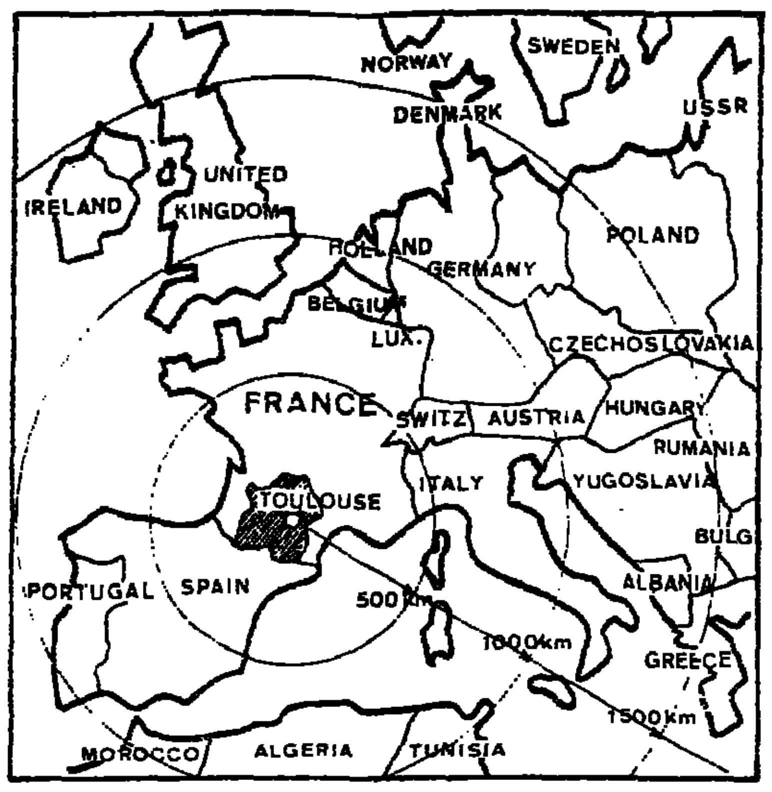
These may prove temporary problems. The real long-term issue—for Lyon to achieve its *metropolitan ambitions* — is whether the State will ever decentralise its own civil service: All the Ministries, and *especially the all-powerful Finances*, still have all their decision-taking staff in Paris and keep only low-grade offices in cities such as Lyon; *and so it* is to Paris that most Lyon businessmen must go cap-in-hand once or twice a week. "The Government's a bit two-faced," said one local banker, "it's desire to decentralise may be sincere, but it does not have the courage to break the Jacobin habits of its own civil servants. And shall we ever get anywhere unless Paris delegates real power to the regions?"

Yet others believe that, even within the present structures, Lyon *can nevertheless do a* great deal to improve its own status — so long as it can summon up the dynamism. Despite *its central position and entrepreneurial* traditions, this has for centuries been an enclosed society: its ultra-bourgeois *milieu of bankers, merchants,* manufacturers (formerly of silk, now mainly of chemicals and metal goods) is famous for its hard work and slightly stuffy puritanism (over most matters except *la cuisine*) and has never shown much interest in the outside world. But recent decades *have brought changes. More* than 10,000 *cadres* have immigrated from Paris and other places; the censuses of 1962 and *1975 show that between those* years the percentage of the population born in Lyon fell from 66 to 48 per cent. So Lyon, like most other big French towns, has become a more mixed and open society, more aware of the world. A new generation of local politicians and business leaders is seeking to develop the work of the late Mayor, the great Louis Pradel, whose vision it was to shake Lyon out of its provincialism *into* a new and wider role. No real successor to him has yet been found. But it is significant that the Prime *Minister*, Raymond Barre, has since March been a deputy for Lyon; and there are whispers that he has ambitions to be Mayor. If so, he could use his authority to help pull Lyon into a higher European league table.

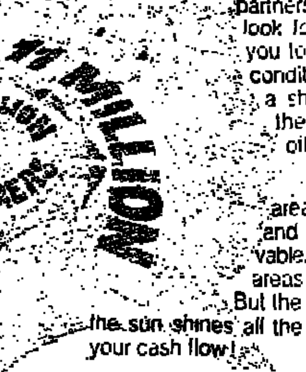
The city is just beginning to recover some of the cosmopolitan nature that it knew during the Renaissance and even later. Recent straws in the wind are the setting-up of the WHO-backed International Cancer Research Agency, and the arrival since 1974 of four *international* audit firms, among the very first to take root ouside Paris. Another example: the British resident colony of 300 or so has been growing steadily, and some 50 British companies — from ICI to Habitat — are listed locally.

Strasbourg and Nice *in their* own very different ways are international cities, but if any French town outside Paris can *hope to aspire to an international* economic role, it is Lyon alone. It has made a little progress. But compared with Stuttgart or *Zurich, or maybe* even Birmingham, it still looks insular and lacking in control of its own fate. The Lyonnais *still trembles* when the telephone rings from the Ministry. The remedy is — partly at least — in his own hands.

John Ardagh



Fichet-Bauche head office in Velizy, near Paris



On this page Robert Mauthner, David Curry and David White profile six of France's leading personalities in the trade unions and the Government.

SOME LEADING FRENCHMEN

Georges Séguy

GEORGES SEGUY is a tougher man than his cherubic looks suggest. The chirpy, zealous, 51-year-old Communist has needed a firm hand in his more than ten years as leader of the CGT, the biggest French trade union body. He took the union through the mass labour struggles of 1968, has strengthened his alignment with the *Communist Party and* maintained the strong central organisation of a Communist union whose members are only half Communist.

His enemies accuse him of being Stalinist in his approach, of lacking initiative, of turning the 2m-strong union into a political "drive-belt." But it is not always clear which is the cart and which the horse: M. Seguy led the party in its late conversion to worker participation and has taken its Euro-Communist line further by hitting out at restrictions on union activity in the Soviet bloc.

His curriculum vitae as a Communist is impeccable—primary education, apprenticeship at 15 as a typographer, resistance, party membership, arrest by the Gestapo in February, 1944, torture in Saint-Michel prison in his home town of Toulouse, deportation to Mauthausen two months later. Released after 15 months in concentration camp, M. Seguy was just turned 18. Physically weakened, he followed his railwayman father's footsteps and joined the SNCF as an electrician; his wife is also the orphan daughter of a railway worker.

Active in the strikes of June and November, 1947, M. Seguy worked his way up to the top of the rail branch of the CGT. By then he had already been elected, still in his 20s, to the party's central committee and to its *bureau politique*.

He is known now to be concerned about improving the sense of unity within the union—but his own position is hardly in doubt.

D.W.

Francois Ceyrac

JUST BEFORE the general election and 11 months before his term of office was due to expire, the French employers' association, the Patronat, elected M. Francois Ceyrac to serve an unprecedented third spell as president. The deeply-lined face of M. Ceyrac, with its angular features and stiff fringe of grey hair, had already become a familiar television sight as he waded into battle with the Left over its industrial and economic election platform and marshalled the Patronat to deliver to the conservative Government the ½m or so jobs for young people which would enable it to claim that its "employment pact" was getting to grips with the jobless situation.

Since the election the 65-year-old M. Ceyrac has been just as prominent, as the Government has freed industry from price controls and as employers prepare to open a crucial round of talks with the unions on pay and conditions.

Over the past five years his main achievement at the Patronat has been to return much of industrial relations to the arena of direct industry-union talks rather than depend on Government-imposed measures. He has brought four big areas under such "contractual" agreements: improvement of working conditions; unemployment indemnity paid largely out of jointly managed funds; bringing white-collar workers closer to participation; and negotiating early retirement accords at 70 per cent of former salary.

Within the organisation he has reconciled the sometimes quarrelsome differences between the small industrialists and the big and generally conservative groups, and has managed to avoid being identified with any particular school of thought on prickly subjects like participation. He has a regular liaison committee with the heads of the country's 30 biggest concerns and makes regular provincial expeditions.

M. Ceyrac's influence is undoubtedly helped by his personal friendship with the Prime Minister, M. Raymond Barre, and with M. Jacques Chirac, *the Gaullist* leader, while his relations with M. Giscard d'Estaing are cordial. The success of the return to price freedom may well depend in large measure on the discipline the Patronat can induce in its membership to control the inevitable unpleasant consequences for price increases.

It is sometimes reproached to M. Ceyrac that he has never managed a large industrial concern: in fact he has spent his life almost entirely in professional organisations. But the advantage is that he knows intimately the machinery of bureaucracy and government, and in France that is a priceless asset.

D.C.

René Monory

RENE MONORY is reputed to be the rising star of the Government. Last year *he* came out of the comfortable obscurity of the French Senate to become Minister of Industry. After the election he moved up to become Economics Minister (the bigger half of the divided Finance Ministry) and it is Rene Monory who is the man in charge of the nuts and bolts of the Government's grand liberal strategy of freeing industry from price controls and trying to push private savings into industrial investment.

Bulky, bluff and amiable, with a rather heavy turn of phrase, Rene Monory left school at 16 to become an apprentice mechanic in the family garage at Loudun in the Vienne, eventually becoming mayor of the town and, through that, arriving in the Senate, election to which is indirect and weighted towards regional interests.

He went down well at the Ministry of Industry. After all, with the reputation for common sense which France attributes *to her provincial sons* (as opposed to the "cleverness" which distinguishes the Parisien) and with his experience as a small businessman running an agricultural machinery and Peugeot concessionaire's business, he was felt to be close to the soil — or at least the workbench.

M. Monory is reputed not to like fiddly individual dossiers: he believes in the broad response. Letting industry set its own prices and letting managers *manage* is better than hours spent by bureaucrats manipulating *details; in French terms this* attitude is close to revolutionary, given the long tradition of the omnipotent state.

At 55, M. Monory is the same age as Raymond Barre and they clearly think on the same wavelength. In fact they are both given to the same style of rather heavy, pedagogic, step-by-step explanations of economic policy full of appeals to commonsense and the common man.

"I shall spread the gospel of liberty and competition," he proclaims, announcing the transformation of France's Price Commission into a sort of super competition commission. No one doubts that if industry fails to respond to the joys of laissez-faire, M. Monory will be quickly on the phone to set the offenders right in the habitual style of the mayor of Loudun.

D.C.

Edmond Maire

A PROVINCIAL small-town notary: that is as close a description as any to the image Edmond Maire projects in public. The self-effacing, painstaking, ironical manner of the leader of the CFDT union makes a sharp contrast with that of his ally-cum-rival Georges Séguy.

The 47-year-old CFDT secretary-general is, unlike most French public figures, oblivious to snappy dressing. Under his suit he usually wears a soft shirt, either open-collared or done up to the neck without a tie. His nose would pass for a boxer's; its owner attributes its shape, and the slight nasal tone of his voice, to the whim of a military surgeon.

Despite his modest presence, Edmond Maire is as outspoken as any of his union colleagues, including against them, against the Government, against the employers and currently against all political parties including the Socialists to whom he is closest.

Becoming leader of the CFDT—the second largest union and the most innovation-conscious, with a large extreme-Left faction among its members—in 1971, he took up the cause of worker control which had come alive during the "events" of May, 1968.

In the 1960s he had also favoured the reform of the Christian Union body, the mainstream of which became the CFDT, notwithstanding his own strict Catholic background.

Like Georges Séguy, Edmond *Maire is the son of a railway* worker: his father eventually became stationmaster at the Gare du Nord. The sixth of seven children—two of the others took holy orders—he trained as a chemist, worked for a while for Pechiney and made his union career among Paris region chemical workers.

He has published books on employee participation and on the famous Lip watch factory dispute of 1973-74. After the Left's disillusion in the March election this year, he has steered *as far as possible away from* politics. His appraisal of the election period contains, typically, a sprinkling of self-criticism.

D.W.

Raymond Barre

THE ROTUND, avuncular economics professor who was re-appointed as Prime Minister of France by President Giscard D'Estaing after the March general election, has made his mark on the country in record time. Decried as a mere technocrat when the President, to the surprise of many, first nominated him as Premier in August, 1976, to replace the ebullient but fractious M. Jacques Chirac, the 54-year-old M. Barre has quickly mastered the tools of his new trade.

By his own admission, he has little taste for the antics and tactical manoeuvres on which all genuine political animals seem to thrive. His fundamental attitude is that they are a waste of precious time. "Either you have a job to do, or you play the fool," he said in a moment of irritation. "I am in charge of the Government and its economic and financial policy. I am not there to fool about."

This did not, however, prevent M. Barre from conducting a particularly effective, even aggressive election campaign in a cause which he considered to be of vital importance for the future of the country. On one famous occasion he even demolished in a TV debate that acknowledged master of political cut and thrust, the socialist leader, M. Francois Mitterand, and he undoubtedly made an invaluable contribution in the Centre-Right coalition's victory.

Apart from his economic expertise, M. Barre's greatest strength and appeal lies in his honesty and "no nonsense" approach to the country's problems and his refusal to court cheap popularity. From the very beginning he promised to tell the French people the truth about its economic plight and the sacrifices which would have to be made.

He has done so in a typically forthright manner. If, contrary to all initial expectations, his first austerity plan won widespread approval and did not lead to massive social unrest, it was largely because he managed to inspire popular confidence in his integrity and judgment.

Though freed from all electoral constraints for three years, M. Barre may have a more difficult time with public opinion and the trade unions during his second term of office. Whatever the fundamental economic justification for his latest policy of freeing industrial prices, while permitting rises in purchasing power of only the lowest income group, it is bound to lead to a sharp increase in inflation this year. And most people will not forget that M. Barre has always said that keeping down prices was one of his principal objectives.

But the Prime Minister is a stubborn man, who believes that the long-term effect of his new industrial policy will be disinflationary, whatever may happen to the price index over the next few months. He knows that, probably, he will be given no more than a year to prove his point, but that is a gamble which he is fully prepared to take in what he considers to be the interests of the country.

Indeed, one of M. Barre's most endearing qualities is that he is clearly not frightened of sacrificing his political career. "I am quite prepared to return to my chair at Paris University when the time comes," he is quoted as saying. If he ever does so, there can hardly be any doubt that M. Barre will lecture not only his students but will continue to wag an admonishing finger at whoever is in charge of the country's economic policy.

R.M.

Andre Giraud

THERE EXISTS in the French Government a particular and powerful species of animal which operates in the ill-defined area where bureaucracy, politics and industry overlap. Andre Giraud comes from this background—a man who has always worked for the State but *held* jobs which extended his influence and ultimately his orders deep into industry.

A contemporary of Giscard d'Estaing at the Ecole Polytechnique, Andre Giraud collected additional qualifications in the oil and engineering field before embarking on a civil service career which made him a powerful voice in the formation of French energy policy. From being director of the French energy institute he became the senior Industry Ministry official overseeing the carburant sector before, in 1970, moving to perhaps the hottest spot in both the civil service and industry as the head of the Atomic Energy Commission, which runs France's ambitious nuclear energy programme. He took over when the country faced difficult choices over nuclear technology and when a number of ambitious Gaullist programmes in the nuclear sphere had ground to a halt. By the time he left the AEC he had transformed the organisation into a veritable industrial group, firmly established the PWR as the first-generation reactor for France, sponsored a broad re-organisation of the industry to serve this programme and pushed along development of *a French fast-breeder programme.*

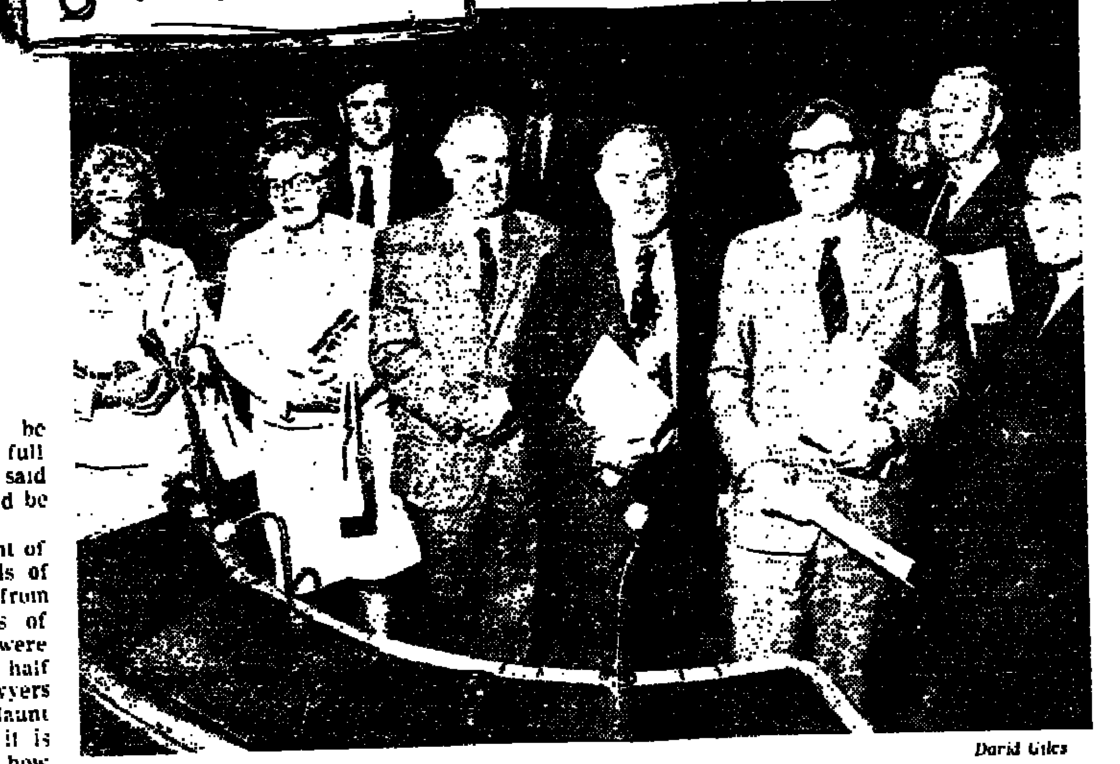
Until a few months ago his only political experience had been as director of the cabinet of the Minister for Education for a year in 1969-70. But after the election Andre Giraud, at 53 years old, was elevated to succeed M. Rene Monory as Industry Minister and the triumvirate Barre, Monory and Giraud (perhaps with Robert Boulin, the Labour Minister) is usually regarded as the strong men of the new industrial policy.

Up to now his main concern *has been defining the* Government's policy towards "lame ducks" or sectors in difficulty. No aid without a realistic recovery programme and a competent management, he has been proclaiming, and industrialists watching the Boussac debacle have been in no doubt that he means what he says.

Observers note that the new minister has an acid turn of phrase and suffers fools badly; there are a lot of patients in the Industry Ministry waiting room (steel, textiles, shipbuilding, *machine tools, oil refining*) and they are waiting to see whether the good M. Giraud can make himself into a sympathetic if no-nonsense family doctor.

D.C.

The case for an experiment in parent power



David Giles

Members of the Kent County Council Education Committee pictured yesterday.

THE CASE for education vouchers is not proven, but the case for testing their use in practice most certainly is. Anyone who has any doubt about this should consider for just a moment the irrational fury with which the entire educational establishment is attacking the very idea of a small experiment in parental choice in Kent. The unavoidable conclusion is surely that anything that that lot is so vehemently against must have something in it.

What that something is is also quite clear. Most parents would like to exercise the degree of choice over which school their child should attend that is enjoyed by the rich and the powerful, including, shall we say, the present Secretary of State for Education. Most teachers, at least in this country, seem to regard the majority of parents as dangerous idiots who should not be allowed anywhere near a school. Vouchers might constitute a fundamental and irreversible shift in the balance of power, in favour of parents and against teachers—therefore the National Union of Teachers and the National Association of Schoolmasters/Union of Women Teachers will not contemplate them. The administering authorities—the Department of Education and the local councils—would by and large prefer to upset parents rather than teachers, and so they, too, are nearly all anti-voucher.

The famous exception is, as many people are aware, the Kent County Council, whose education committee met yesterday recommended that an experiment in the use of vouchers should proceed. The committee has already taken the bold step of publishing a "feasibility study,"* whose concluding paragraph records a "general impression" that "choice of schools is seen as vital by parents but that vouchers would not necessarily be the only or the most satisfactory means of achieving it."

It would be difficult to quarrel with this generality, but as it stands it is neither evidence in favour of large-scale adoption of voucher schemes nor against a small controlled experiment. The case for an experiment is to be found further back in the report, in the small print.

According to its own figures the Kent education department is highly successful at meeting parents' wishes. In the years 1974 to 1977 between 95 and 99 per cent of children aged 11 were transferred to the secondary schools their parents had indicated a preference for. Later transfers, at age 13, were challenged by an insignificant handful of appeals, and half of those were won by the aggrieved parents.

Yet the evidence of the survey associated with the feasibility study on vouchers is not quite so glowing. When asked if they had enough say at present in the choice of school, some 68 per cent of parents replied, "No." Any parent of a child who recently moved to secondary school will understand the reason for this answer: local councils get high rates of acquiesence under the present system precisely because the choice is so limited. Faced with sink-school "A" and just-get-by school "B", and standing with one's arm twisted high up behind one's back by the primary school head, many people tend to make a "choice" that the local authority can record as "satisfactory."

It is for this reason that the theory of vouchers has supporters, and opponents, on both the Left and the Right. First proposed by Professor Milton Friedman in 1956 as a means of bringing the market economy into education, the idea was subsequently tried out, with the blessing of many on the American Left, as a means of enabling the poor to choose better schools for their children.

Experiment

This was the theory behind the experiment at Alum Rock, in San Jose, California. Basic vouchers, to cover the school fee, were provided by the local authority while the Federal Office of Economic Opportunity topped these up with special vouchers to give added educational buying power to parents of "disadvantaged" children.

The Alum Rock example, which stands as the most extensive study of the use of vouchers yet undertaken, has provided enough evidence to support both sides to the argument. It was one of a variety of different possible models (vouchers could not be spent in private schools; schools could not raise their fees to meet higher demand) and its basis was changed when Federal funding came to an end at the close of the 1976-77 school year.

In the view of those who wrote the report for the Kent County Council, "a system that was intended to give power to the parents resulted in giving far more power to the professionals—the teachers and the administrators—for they controlled the supply of educational alternatives, and parents did not make use of the new opportunities to the expected degree."

On the other hand "the demonstration provided considerable evidence on the viability of alternative programmes." since it "increased teachers' opportunity to choose and design their curricula, and thereby made available to parents a new range of choices."

These comments, tucked away in an appendix to the Kent report, constitute one extremely powerful argument in favour of a proper experiment in Britain: the very mention of a voucher scheme sends such an electric shock through the teachers' unions that it might encourage some of their members to take up the old-fashioned notion of putting their professional responsibility to the children in their care above their chip-on-the-shoulder defence of the right to work ever shorter hours for ever higher pay.

If this seems like too forceful a characterisation of teachers' attitudes, then one can only offer in evidence table 2.8 of the Kent report. Asked whether parents should be given the results of standardised tests taken by their own children, only a third of the teachers said yes, although a further 51 per cent of the respondents allowed that such results should be given "on request." A full 13 per cent of the teachers said that this information should be "withheld" from parents.

No fewer than 40 per cent of the teachers wanted details of their qualifications kept from the parents, while details of their teaching experience were regarded as sacro-sanct by half of them. Most doctors, lawyers and architects will gladly flaunt their qualifications, while it is not impossible to discover how long any such professionals have been practising. What are the Kent teachers—presumably representative of their colleagues elsewhere—afraid of?

For a start, the answer may be "unemployment." A voucher system, like any other method of giving greater customer choice, is likely to work best where there is spare capacity. Then the most popular schools can find room for their new entrants. The trouble is that with fewer children being born, this is likely to accelerate the pace at which the less popular schools run down. Such schools might be early candidates for closure. In short with falling rolls the system might work too well from the point of view of the children and parents, and too harshly from the point of view of teachers.

A second fear, and one which haunts many teachers, is that if parents were given more choice they might influence the way in which teachers do their work. It is widely believed that most parents are "reactionary" in educational matters—that they want the three R's taught to serried ranks of children who are disciplined when naughty or lazy and who are expected to work hard at individual desks.

There may be something in this belief, and for the purpose of the immediate debate it can be accepted as correct. The proper response is "so what?" Is it to be assumed that teachers who want to use other, "progressive" methods are right because they are professionals—those very professionals who so recoil from openly disclosing their qualifications and experience? The pendulum of fashion in education has swung back and forth fairly sharply over the past few years, and it would be difficult to say that the "professionals" were right at all times.

It is at this point that one comes down to the essence of the opposition to vouchers. We can leave aside the talk about "administratively impossible" and "very expensive" for all that depends upon a great many variables, all of which are secondary to the central principles at stake. The real issue is: who shall decide how best to educate our children?

The rich are able to decide this for themselves, by choosing private schools as they do in England, or by using a combination of private schools or "neighbourhood" schools as they do in the U.S. The powerful seem to make similar decisions for their children in east European countries. But working-class parents enjoy no such luxury.

In this country many of their children have probably been condemned to a less happy and successful life than they might otherwise have enjoyed by the failure of teacher-controlled state schools to equip them with a decent ability to use numbers, or write job applications, or otherwise make their way in the world. There is evidence to suggest that in many cases this is a *professional* failure— the result of the application of foolish notions about "child-centred" education.

Over the past couple of years there has been a movement away from the worst extremes of this non-education, led by the Callaghan Government's realisation that it was highly damaging to both the economy and Labour's electorial prospects. The tightening-up in some schools has been assisted by the fact of falling rolls: even under the present system some schools feel the need to become more attractive to parents.

Perhaps vouchers would carry this process even further towards a higher standard of education for all. Perhaps they would not. I do not know the answer. But that vouchers are worth a full-scale experiment, and that the experiment would be worthwhile even if its only effect was to encourage the development or *other* methods or giving parents greater choice, is surely beyond doubt.

Joe Rogaly

Letters to the Editor

Life policies as investments

From Mr. Peter J. Franklin and Miss Caroline Woodhead

Sir,—The facts about life assurance are even worse than those noted by your correspondents Mr. King and Mr. Parvin (June 5 and May 30 respectively). At the City of London Polytechnic we have been investigating other measures of performance of the industry and have drawn the following conclusions.

Life assurance is no longer the major form of contractual savings in the UK. Measured by net investment during 1976, insurance companies' long-term funds acquired assets in excess of £2.100m, whereas public and private sector pension funds' net investment amounted to £2.900m that year.

Whereas the increase in the personal sector's holdings of life assurance and superannuation exceeded 218 per cent of their financial surplus in 1963, in 1976 the proportion had fallen to about 70 per cent.

Building societies have continued to grow at the expense of life assurance and other savings media. New deposits with building societies exceeded £9.500m in 1976, or 47 per cent of the personal sector's financial surplus and about 66 per cent of the sector's increased holdings in life assurance and superannuation funds that year. In one year, 1971, flow of funds data shows the increase in building society shares and deposits to have exceeded the increase in the personal sector's holdings in life assurance and superannuation.

Premium income for ordinary long-term (life) business accounted for more than 55 per cent of personal savings in 1963. In 1976 it accounted for only about 20 per cent of personal savings.

The implications of these findings to the industry and to the Committee to Review the Functioning of Financial Institutions should not be lost. Among other things, it shows the highly dynamic nature of the financial system. It also questions assumptions about the future rate of growth of life assurance and the role that life offices are likely to have in the capital markets over the next decades.

Peter J. Franklin,
Senior Lecturer in Economics.
Caroline Woodhead,
Research Assistant.
City of London Polytechnic,
School of Business Studies,
84, Moorgate, EC2.

Education in engineering

From Mr. Oscar Hahn

Sir,—I was very interested in Professor Hanson's letter to the Financial Times which appeared on June 8. I should like to reply to the second part of the letter concerning National Engineering Scholarships.

The Action Committee of which I am chairman was only announced on March 13, 1978. There was obviously no time to devise a permanent Scholarships Scheme for 1978 entry or to set up the administrative machinery for a nation-wide selection. We had the alternative of doing nothing in 1978 or taking a short cut. On balance, I think it was right to take a short cut.

For the 1979 entry, it has been decided that the Scholarships will be tenable at all engineering courses recognised by the Council of Engineering Institutions. Among the other criteria for selecting the scholars will be a demonstrable commitment by students to make a contribution to manufacturing industry. The fact that a student decides to take a sandwich course, would, of course, be evidence of such a commitment.

On a personal note, I, myself, am a strong believer in sandwich courses. For an engineer to make a contribution today in manufacturing industry in the UK needs not only sound technical qualifications, but also an understanding of the human and organisational problems in industry and this understanding can only be acquired by actually working in industry.

I cannot anticipate decisions of the Action Committee, but I can assure Professor Hanson that we are conscious of the excellent work which has been done in many universities and polytechnics to devise courses which will enable engineering students to contribute in our complex industrial society.

Oscar Hahn,
Chairman, Action Committee,
National Engineering Scholarships,
Bunkers Hill,
Welford-on-Avon, Warwickshire.

Technological mainstay

From Mr. D. C. Nutting

Sir,—The Engineering Professors' Conference was ably reported upon by Michael Dixon and his subsequent comment about A and B streams on June 7 recognise the importance of "customer reaction." Both contributions appear to be constructive toward the Finniston Committee's aim to find a healthy rationale for the engineering profession as the technological mainstay of the country.

There is great merit in the proposals of the Professors' Conference, many separate aspects of which already have a proven record of success. It is the streaming into A and B categories which is unlikely to be attractive to students, is limiting to the comprehension of reality in all graduates and might be confusing to some employers.

May I suggest to the Professors' Conference through the courtesy of your columns that a common three-year course involving the practical aspects described for the B stream should lead to a bachelor's degree. Those who have the aptitude (mostly the "A"s but possibly a few of the otherwise "B"s) could proceed to a fourth year to qualify for a master's degree based on a deeper theoretical study of a pertinent field of expressed interest.

This suggestion is in accord with the submission of the Institute of Measurment and Control to the Finniston Committee.

D. C. Nutting,
Past-President, Institute of Measurement and Control.
19 Hall Place Drive
Weybridge, Surrey.

New ideas in the Boardroom

From the Chairman,
Brian Woodhead and Co.

Sir,—You will doubtless have other correspondence disagreeing with Mr. Webb-Bowen's view (June 9) that British directors, on being appointed, have been "conditioned not to rock the boat by introducing new ideas." Such sweeping statements, which cannot be true, in view of the evident survival in a competitive world of our major private-sector companies, do not help constructive examination of the role of directors and the composition of boards.

I must also disagree that a two-tier board is necessary to allow shareholders to "draw upon a wide spectrum of outside knowledge by appointing non-executive directors." There is already ample opportunity for part-time directors to be appointed to existing single-tier boards. First-class people are available to fill the role; all that is needed is recognition by more companies that it makes good commercial sense to use part-time directors whose qualities complement their colleagues on the board.

A. B. Woodhead.
107, Harborne Road, Edgbaston,
Birmingham.

Options to purchase

From Mr. Robert Hawkins

Sir,—With regard to the advice given on "Leasing Plant" in your legal column on June 7, you may have misled your readers by saying that it was possible to take out a lease with an option to purchase. Anything which contains an option to purchase is a Hire Purchase Agreement, and if a lessee purchased an asset at the end of a lease he would destroy the tax allowances which the lessor may have taken out on the asset when it was purchased new.

Your correspondent may be interested to know that nowadays some 95 per cent. of the selling price of an asset coming off lease can be remitted to the lessee by way of a rebate of rentals or a deposit on a new asset. I would have thought he was in a strong position to argue for some rebate of rental with his leasing company. Your advice that he should try other leasing companies as well is very sound.

Robert Hawkins,
Editor, Leasing Digest.
7 Bridge Street,
Coggeshall, Essex.

Neglected fire

From Mr. Norman Jenkins

Sir,—Described by John Lloyd in his excellent review of June 8 as a mine of information Sir Derek Ezra's "Coal and Energy" is surprisingly short of data on district heating and combined heat and power. In fact, I can find no mention of these energy-vital techniques at all. This is surprising in view of the author's enthusiastic advocacy over the years and, on one occasion, a downright quarrel on the subject at a Press conference with a representative of the Electricity Council. Neither is there any mention of the many district heating schemes now being run by the NCB and others powered by coal. The most successful energy conservation scheme at Nottingham, jointly funded with the City Council for using coal and incineration of rubbish is completely ignored. This plant, incidentally, is now selling electricity to the local area board.

Unfortunately, too few know of this activity and the possibility of the omissions being deliberate in order to create controversy is perhaps remote. The omission of these techniques from Energy Commission discussions this week seems to suggest an agreement between the energy industries to ignore the potential of what has been proved elsewhere. The evidence to date suggests that, at least in the UK energy decisions are far too important to be left to the energy industries—whose only interests are in maintaining the status quo; but at the cost of far greater fuels-use efficiency.

Those of us who have taken an active part in promoting CH and P and who have looked to Sir Derek Ezra personally at least for tacit support must now feel virtually abandoned—unless Sir Derek would care to explain?

Norman Jenkins.
Whitehill, Ewshot, Farnham,
Surrey.

Incentive to moonlighting

From Mr. J. J. Polling

Sir,—Guy Hawtin's article on moonlighting in Germany (June 7) provides a powerful argument for a shift of emphasis away from income tax and towards taxes on expenditure, such as purchase tax or taxes on raw materials and energy. While income tax remains, people will always try to minimise their contributions by evasion or moonlighting, of which the worst feature is the widespread contempt for the law that it engenders. Taxation on expenditure would avoid this, while retaining the fairness people expect of a tax system. Those who live opulently would pay heavily while those with a modest life style—whatever their income—would pay less. Taxes on expenditure would encourage saving, investment and enterprise and would be easy to collect. They are more in harmony with man's nature—and would make life much easier for all of us.

J. J. Polling.
Châtaigneriaz,
1297, Founex,
Vaud, Switzerland.

Dangers of buy-back deals

From Mr. John Dingle

Sir,—Now that there seems to be growing awareness of the potential dangers of buy-back deals involving sales of Western technology to the Comecon countries, it is perhaps time to consider whether some form of safeguard is needed against the use of buy-back as a bargaining ploy in international competitive bidding.

For example, you report (June 9) in connection with a bid for an automatic components factory made against French competition, that "the British company dropped out in the later stages of negotiation because it refused to enter into a buy-back agreement with the East Germans." Your report does not say whether the directors of the British company were motivated by simple expediency, or by concern for the likely long-term impact of the buy-back arrangement on the UK economy, or a bit of both. What is certain is that they had already incurred very considerable costs in preparing their bid and pursuing their negotiations up to the point of withdrawal. These costs become a total loss, not because of any technological or commercial shortcomings, but because the customer insists on a deal which includes an element of real risk, not to the bidder alone, but which may also threaten future employment and investment in the bidder's country.

Many of your readers will know that this is not an isolated example. One possible approach to safeguarding British companies faced with this sort of problem, without exposing them to a charge of unfair competition, would be to provide for reimbursement of their bid costs out of Government funds, in cases where it is judged that acceptance of a buy-back arrangement would prejudice future industrial development in the UK. No doubt such a provision would need to be carefully qualified: the principle, however, seems worth discussing.

John Dingle.
Suite 1,
Harcourt House,
19a, Cavendish Square, W1.

Today's Events

Mr. Denis Healey, Chancellor of the Exchequer, speaks at NALGO conference, Brighton.

Mr. Gordon Richardson, Bank of England Governor, addresses luncheon of Association of Foreign Banks, Berne.

Mr. Harold Lever, Chancellor of the Duchy of Lancaster, guest speaker at London Chamber of Commerce and Industry annual luncheon, Guildhall, EC2, 12.45 pm.

Queen greets President Nicolae Ceausescu, President of Romania, at start of his state visit to UK, Victoria Station, London, 12.30 pm.

Creditors of Mr. William Stern, declared bankrupt with £104m debts, meet at Law Courts, London, 11 p.m.

Mr. William Miller, chairman U.S. Federal Reserve Board, speaks in Zurich.

Mr. Malcolm Fraser, Australian Prime Minister, and Mr. Victor Garland, Minister for Special Trade Representation, in Paris.

Deadline for complete Israeli withdrawal from South Lebanon.

Two-day international conference opens in Brussels to discuss economic aid for Zaire.

PARLIAMENTARY BUSINESS

House of Commons: Remaining stages of the State Immunity Bill (Lords) and Community Services by Offenders (Scotland) Bill. Proceedings on the Tuvalu Bill (Lords). Export Guarantees and Overseas Investment Bill (Lords), and Oath Bill (Lords). Motion on EEC documents on non-life assurance.

House of Lords: Films Bill (Lords), Third Reading. Scotland Bill report stage. Independent Broadcasting Authority Bill, second reading.

Select Committees: Joint Committee on Statutory Instruments (4.15 pm, Room 4). Overseas Development. Subject: Renegotiation of the Lome Convention. Witness: Dr. David Owen, Foreign Secretary (4.30 pm, Room 6).

OFFICIAL STATISTICS

Building Societies' receipts and loans (May).

COMPANY RESULTS

Johnson Matthey and Co. (full year). Pegler-Hattersley (full year).

COMPANY MEETINGS

Averys, Smethwick, Warley, 12.15. Empire Stores (Bradford), Bradford, 12. Garner Scotblair, The Grange, Bermondsey, SE, 2.30. Rugby Portland Cement, Rugby, 12. Rush and Tomkins, Sidcup, 2.30. Tarmac, Birmingham, 11.30. United Newspapers, 23, Tudor Street, EC, 12.

COMPANY NEWS + COMMENT

£2.7m downturn to £77.6m at AB Foods

WITH THE U.K. bread industry difficulties and the high street price war cutting contributions from two major divisions and exchange differences reducing the overseas contribution, pre-tax profit of **Associated British Foods** dipped 3.4 per cent. from £80.36m to £77.63m in the April 1, 1978 year.

When reporting halftime profits *£0.8m higher at £32m* Mr. Garry Weston, the chairman, said the group expected to exceed the previous year's record, although the increase was not expected to be significant.

He now says that *margins in* the UK and overseas came under pressure in the year with the home margin down from 4.7 per cent to 4 per cent and the overseas margin from 6.7 per cent to 5.8 per cent.

Overall world sales increased from £1.49bn to £1.68bn, with the UK sales up 13 per cent. or £128m, while overseas sales rose by 18 per cent in local currencies.

Mr. Weston says profit growth will be achieved in the current year, "although overall volume growth in the food industries in the countries in which we operate continues to remain almost static, and the combined *effects of Government regulations* and severe competition make the attainment of better trading margins difficult."

The 1977-78 shortfall in trading profits in the UK—where interests range from Sunblest bread to Fine Fare supermarkets—was held to £2.2m, and the biscuit division produced "especially creditable" results.

Overseas profits were reduced by £0.5m, taking into account the adverse effect of £2.1m owing to the difference in exchange rates at the year ends.

Mr. Weston says that considering the adverse factors, and the extremely difficult year for the food industry in the economies *in which it operates, the results* must be considered a satisfactory *achievement.*

A second interim dividend up from 1.3632p to 1.5226p increases the net *total* from 2.0754p to 2.3281p per 5p share.

The profit after tax, minorities and extraordinary items was £36.4m and after providing for ordinary and preference dividends £28.1m is retained.

Earnings *per* share are shown at 9.67p compared with 9.86p last year, and ordinary shareholders' funds have increased during the year from 65p to 71p per share.

Capital spending in the year exceeded £70m (£62m).

	1977-78 £000	1976-77 £000
Sales	1,677,970	1,490,577
Trading surplus	115,224	113,450
Depreciation	26,555	24,621
Interest payable	10,710	10,667
Profit before tax	77,629	80,362
UK tax	22,974	22,240
Overseas tax	12,175	15,031
Net profit	42,480	43,091
Minorities	8,032	8,509
Extraordinary profits	1,947	2,005
Available	36,395	36,587
Pref. dividends	40	40
Ord. dividends	8,276	7,348
Retained	28,079	29,199

See Lex

Ashley Ashwood

Mr. Garry Weston, chairman of Associated British Foods.

HIGHLIGHTS

As expected pre-tax profits at **Associated British Foods** are slightly lower; at the trading level there was a £6m turnround to losses on the baking side, while retailing suffered from the price war and turned in £3m less, but the shortfall was *more or less made up by the other manufacturing* activities. Full year figures from **Hill Samuel** are rather dull with banking profits flat and a downturn in ship broking. Lex also takes a look at the market in light of the rather surprising issue of a new "short tap" stock. Elsewhere, **WGI** has shown good recovery after the setback the previous year while **Valor** has performed well in a very depressed market.

WGI up 56.9% to £1.2m

A TURNROUND from a loss of £315,224 to a profit of £117,641 in its civil engineering division *helped* WGI, engineering and construction group, to achieve taxable profits up by 56.9 per cent to a record £1.2m for the year ended March 31, 1978 compared with £0.76m, on turnover ahead from £21.8m to £23.9m.

At the interim stage profits were up from £261,082 to £496,870 and directors anticipated continued progress, and expected satisfactory results for the full year.

The group has entered the latest year with a high level of orders in hand.

A divisional analysis of turnover and pre-tax profits shows: civil engineering *£7.94m (£7.54m)* and £117,641 (£315,224 loss); refractory £4.48m (£3.53m) and £558,990 (£478,522); *process* engineering £7.62m (£7.80m) and £394,536 (£466,358) and mechanical and structural engineering £3.83m (£2.84m) and £185,642 (£132,946).

Stated earnings per 25p share are 26.1p (17.1p) before tax, 16p (14p) after tax and 12.5p (8.1p) after tax at 52 per cent. The dividend is lifted to 5.8p (5.2p), as forecast, with a net final payment of 3.8p.

	1977-78 £	1976-77 £
Turnover	23,872,557	21,784,846
Pre-tax profit	1,196,809	762,602
Tax	462,575	135,754
Net profit	734,234	626,848
Extraordinary credits	38,580	10,717
Available	772,814	637,565
Dividends	272,123	243,870
Retained	500,691	393,695
From capital reserve...	—	229,705
Brought forward	3,293,228	2,669,828
Carried forward	3,793,919	3,293,228

Tax for the year amounted to £462,575 (£135,754) on ED 19 basis, and was split as to UK £428,550 (£140,798), overseas £18,123 (£5,428) and prior year £15,902 (£10,472 credit).

Provision has been made for the liability to corporation tax which may arise in the foreseeable future from the allocation of items to different periods for tax *and accounting purposes and* for stock appreciation relief.

● comment

Taxable profits up by more than 50 per cent at **WGI Group** is *an impressive recovery after the* previous year's slump. A determined cost cutting exercise has trimmed several regional offices from the civil engineering division while earnings from overseas contracts, *notably in Bahrain, have also helped the return to* profits. Refractory products have done well against a dull market background and profits here have increased by 17 per cent; WGI concentrates on high quality markets, though growth here may be difficult to sustain in view of declining demand. The company, however, is trying to develop customers outside the steel industry while exports, which last year amounted to some 70 per cent. of sales in this division, are playing an increasingly vital part. Meanwhile profits *in process* engineering have dipped 28 per cent but earnings from a number of long term *contracts should* show through in the current year. At *106p* the shares stand on a P/E of 6.4 and yield 8.6 per cent.

Plysu falls to £0.75m

PRE-TAX PROFITS of **Plysu**, manufacturer of plastic containers and domestic wares, fell from a peak of £811,000 to £750,000 for the year to March 31, 1978, after £456,000 at *half time. Full-year* turnover was ahead at £11.06m compared with £9.42m.

Earnings per 10p share are shown as 11.8p (13.9p) and a final dividend payment of 0.8407p *(0.7525p) lifts the total to* 1.3836p (1.2385p) net.

The directors state that within the next few months the company will have completed its factory extensions which should give adequate production space for the next year or so. It will continue to upgrade its moulding machines and is committed to a modest programme of expansion in the five gallon/25 litre area. The directors believe the company has *reached a point where profits* should start to reflect the investment of the last 18 months.

Ariel Industries advance

FROM HIGHER turnover of £6.23m against £6.1m profits before tax of **Ariel Industries**, Leicester-based maker of industrial fasteners and light engineering products, etc., rose from £762,436 to £783,309 in the year ended March 31, 1978.

First-half profits increased from £322,500 to £325,900.

In their interim statement, the directors referred to negotiations for the sale of interests in South Africa. These have now been successfully concluded and provision has been made for the resulting loss of £65,802, the directors say. This figure covers all contingencies and the South African situation is now totally clear, they add.

Trading figures in 1978 for the South African subsidiary have been excluded from both turnover and pre-tax profit.

A final net dividend of 1.268p per 25p share is recommended, lifting the total to the expected 2.134p compared with 1.914p paid in the previous year.

£0.44m loss at Dentsply

A PRE-TAX loss of £0.44m *against a £1.16m profit is reported* for the November 30, 1977, year by **Dentsply**, the U.S.-owned dental supply group.

Turnover for the year was ahead from £17.75m to £51.19m and the group trading profit was £2.45m compared with £2.02m previously.

The result is before a £127,000 tax credit (£1.16m charge) and extraordinary credits from surpluses arising on group reconstruction of £1.09m. The 1976 figures include 11 months' results of AD International, a subsidiary acquired in the period.

Turnover of this company was little changed at £15.15m in the latest year against £15.2m for 11 *months previously, and the pre*-tax loss was £142,000 (£346,000 profit).

The profit is before tax credit of £0.51m (£68,000). There were revaluation surpluses in the year of £7.04m (£0.51m).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-spending div.	Total for year	Total last year
Ariel Industries	1.27	Sept. 15	1.14	2.13	1.91
Assoc. British Foods 2nd int.	1.52	Sept. 4	1.36	2.33	2.08
Blyvooruitzicht Gold	33	Aug. 4	25	63	46
P. J. Carroll int.	2.15	*July 7*	*1.78*	—	6.06
Comm. Bank of Near East	25	—	25	25	25
Dalbeattie Finance	1.4	July 4	1	2	1.5
W. Henshall	1	—	0.33	1	0.33
Hill Samuel	3.23	Aug. 2	2.77	4.9	4.27
Ocean Wilsons	1.88	July 26	1.5*	2.88	2.5*
Plysu	0.84	July 28	0.75	1.38	1.24
Prop. & Reversionary	3.16	July 12	2.62	5.16	4.66
Valor	1.43	—	1.25	2.14	1.88
WGI	*3.8*	—	*3.7*	5.8	5.2
Warwick Eng.	0.5	—	1.29	0.83	2.29
W. Bromwich Spring	0.71	—	0.79	1.04	1.09

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

Second half recovery by Warwick Eng.

After a £89,000 first half loss against a £211,000 profit, **Warwick Engineering Investments** recovered in the second six months to post a £110,300 pre-tax profit in the March 31, 1978, year compared with *£343,800 last time. Turnover* was £18.87m, compared with £15.97m.

The result is after exceptional costs of £104,000, which relate largely to redundancy payments associated with the reorganisation of metals and alloys.

This points to a second half profit before exceptional costs of £283,000 against £132,800 last time.

Directors say the expectation for the current year is that the *group will do slightly better than* the £0.55m indicated by the second half.

The final dividend is 0.5p per 20p share for a 0.825p total compared with 2.292p last year.

	1977-78 £	1976-77 £
Turnover	15,867,100	15,967,200
Profit before tax	110,300	343,800
Tax	51,500	122,300
Net profit	58,800	221,500
Extraordinary loss	—	73,300
From minorities	4,900	25,800
Dividends	60,000	137,500
Retained	3,700	36,500

75 companies wound up

Orders for the compulsory winding up of 75 companies were made in the High Court yesterday. They were:

Premier Promotions and Marketing, A *and* L Trucking Company, Zurich Merchant Leasing Company, Gripcroft, Hardy and Horne, Tilden, Continental Decor (Products), Country Woodcraft, Quintain Builders, Cadsew, For Goodness Sake, J. Bassington *(Builders and Contractors)*, D. C. Watts (Brokers), Gadella, Lakes *Construction Wholesale Supplies*, J. Robinson (Grocers).

A. F. Martin, John Carr (London), Maxberry, Socreco, D. C. Farquhar and Son, H.M.P. Transport, Greevedale, Hague Seel, J. A. *and* C. *Building* (London), John S. Booth (Kidsgrove), Millar-Bourne Artistes, P. and D. Services (Builders), Surlroy, Spenton Autoaids, Walsh Brothers (Highbury), Teakdale Double Glazing Co.

Westdean Motors, Y.W. Motors, Top Hat Transport, Kebabland, Hans, Peters and Company, Southwark Welding Company, Kenway Sports, J. Donovan and Company, Fairfield Properties Company (London), Guy Groves, Berry Warehousing and Haulage Company, Canterville Investments, Jayant Holdings (RJS), R. and M. (Import), Rundell Crescent Properties.

Steven Hawkins, Holmsdrew Heating and Plumbing, Taxi and Car Hire Agency (Merseyside), Stepcant Conveyors, Ashtondex, Archer Motors, Fairham Reproductions, Chart Sutton Developments, KHD Transport Services, Mills Discount Mini Markets (Plymouth), Duggan (Hauliers), Fletcher and Gray.

J. and R. Ellam, Remark Motors (Teddington), Anno, Trailer Systems, Dulwich Civil Engineering, *Royal British Legion Wallop* Club, Lilywood, Elmbond, Pembroke Construction, Larbmead, Maurice Henry Housing Association, Tallchoice, Integrated Reclamation and Dredging Company, Angmoss, Safeclose, and W. F. Brownhill.

Valor ahead £0.6m to £1.65m—sees more

WITH TURNOVER up from £30.69m to £37.58m taxable profit of **Valor Company**, heating and cooking appliance maker, rose from £1.07m *to £1.65m in the* March 31, 1978, year.

At half-way profit was up from £0.26m to £0.52m and directors believed the trend would be continued for the year. They now say they expect profit to *increase* further in the current trading year.

The result is subject to tax of £0.52m (£0.39m) and last year there was a £0.59m extraordinary debit.

Earnings per 25p share are shown at 10.23p (5.81p) basic and 9.62p (5.81p) fully diluted. On a nil distribution basis they are given at 10.54p (6.75p) and 9.08p (5.81p) *fully diluted.*

The final dividend of 1.433p (1.246p) takes the total from 1.884p to 2.135p net. The increase has Treasury approval.

Mr. Michael Montague the chair*man said yesterday*: "I am hoping for higher margins in the coming year. Demand is good at present. There has been a pick-up in the sales of cookers and that has gone almost exclusively to gas cookers."

The Valor cooker factory more than recovered *its first-half loss* in the second half of the year and is now working at full capacity and some 30 per cent above last year. On heaters, the company still has some 15 per cent capacity spare.

On the Belgian investment he said the company had written off the total cost of the investment. "If anything we have over-provided." Part of the purchase consideration, some £120,000, was *held in escrow* and he hoped that current litigation in Belgium would result in this coming back to the company.

● comment

Despite depressed market conditions for cookers and heaters throughout most of last year Valor has continued along the recovery path with a 54 per cent rise in pre-tax profits. Sales value is up by 23 per cent though in volume *terms the position is* virtually unchanged; it was not until the final quarter that demand started to pick up. The turnround to profits at the Rainhill cooker factory last year was a factor in the margin improvement as was the absence of a write-off against the Belgium subsidiary which went into liquidation. Valor is still in litigation to recover the original cost of the acquisition from the vendor, but even if this fails Valor has already written off all its investment. Meantime, the outlook for this year seems reasonably bright. So far in 1978, industry figures show gas cooker sales up by 30 per cent. and Valor is hoping for another margin improvement now that the competition is becoming less hectic. A new range of heaters and cookers this autumn is also expected to improve profitability. At 44p the higher dividend (on recovery grounds) gives a yield of 7.6 per cent and the fully diluted p/e is 4.4—not a demanding rating given the current recovery.

P. J. Carroll off £0.75m at midway

ON TURNOVER ahead from £53.45m to £54.2m taxable profit of **P. J. Carroll and Company** dropped from £2.55m to £1.8m in *the March 31, 1978 six months.*

Early this year directors reported that profitability in the tobacco business had been seriously affected in the December quarter by price reductions on some products in anticipation of *changes in the duty system and* by a decision to delay price increases.

The half year result is after interest of £0.15m (£0.25m) and subject to tax of £0.69m (£0.80m). Last year there were minority interests of £13,000. Attributable profit is shown at £1.1m (£1.64m).

Earnings per 25p share are given at 4.6p (6.8p) and the interim dividend is lifted from 1.7875p net to 2.148p.

Last year a 4.27385p final was paid from depressed profits of £4.82m.

ISSUE NEWS

Lazard Property Unit Trust

The next issue of units in **The Lazard Property Unit Trust** is to be made on June 26, 1978 at a price of £1,395 per unit. This is £40 per unit higher than that of the previous offer made at the end of March. The Committee points out that it is difficult to estimate the expected yield on the offer because of the uncertainty over the return on the £20.5m of the fund *held in short-term* deposits. But it would expect about 5¾ per cent on the subscription price.

The trust aims to provide direct property investment for approved pension funds and charities without endangering their favourable tax status. The accounts of the trust for the year ending March 25, 1978 show that the fund grew over the year to £94m from £64m, with £18m of this cash flow coming from net new investment and £12m from the rise in property values. At the end of the year, there were 177 superannuation funds and 23 charities participating in the fund.

The offer document for this latest issue shows that at May 4, 1978, the property portfolio was valued at £76m and was producing annual rents of £4.05m net of ground rents. The current market rental values of these properties on the same date, including vacant property totalled £7.08m.—a figure that is expected to be realised in 1987.

Recent acquisitions by the trust include a pre-let shop and office renovation project in Edinburgh, a modern office investment in Ashford, Middlesex and a warehouse development in Cambridge.

CMT—93.6%

Shareholders have taken up *93.6 per cent of the 7,553,623 10p* shares issued by way of Rights by **Central Manufacturing and Trading Group** on the basis of two for five at 20p per share. The balance of 483,482 new ordinary shares (6.4 per cent) has been sold at 54¼p and the net proceeds will be distributed pro rata.

NEW SHORT TAP

The issue for cash is announced of £900m of 10 per cent Exchequer stock 1983 at a price of £95 per £100 nominal payable as to £15 on application, £30 on July 7 and the balance on July 18.

Of the stock to be issued £800m will be offered for sale to the public. The balance has been reserved for the National Debt Commissioners for public funds under their management.

Interest on 10 per cent Exchequer stock 1983 is payable half-yearly on June 12 and December 12. The first interest payment will be made on December 12, 1978, at the rate of £4.1168 per £100 of stock. The stock will be repaid at par on December 12, 1983.

LONG TAP

The prospectus is published to-day in connection with the new long tap—an issue of £1bn of 12 per cent Exchequer Stock 2013-2017 priced at £96 per cent.

The issue is payable as to £15 per cent on application next Thursday with calls of £30 per cent on June 27 and the balance on July 14.

Interest is payable half-yearly on June 12 and December 12 with *the first payment next December* of £5.2881 per cent.

The Nineteen Twenty-Eight Investment Trust Limited

Directors:
The Rt. Hon. Viscount Bearsted, T.D., D.L. (Chairman)
D. S. Allison B. R. Basset C. A. Keeley, F.C.A. J. L. King H. Ockford, F.C.I.S.
J. S. K. Oram A. F. Roger A. P. Simonian B. A. C. Whitmee, F.C.A.

Performance statistics	Year ended 31.3.78 %	Ten years ended 31.3.78 %
Net asset value	+ 4	+ 54
Middle market price (Stock Exchange Daily Official List)	+ 3	+ 39
Rate of dividends (net)	+16	+231
Retail Price Index	+ 9	+200

Distribution of investments at 31st March 1978

Equities and convertibles	
U.K. (but including U.K. companies with substantial foreign interests and assets)	57¾%
Overseas (including U.K. companies operating mainly abroad)	36¼%
Fixed income	6%

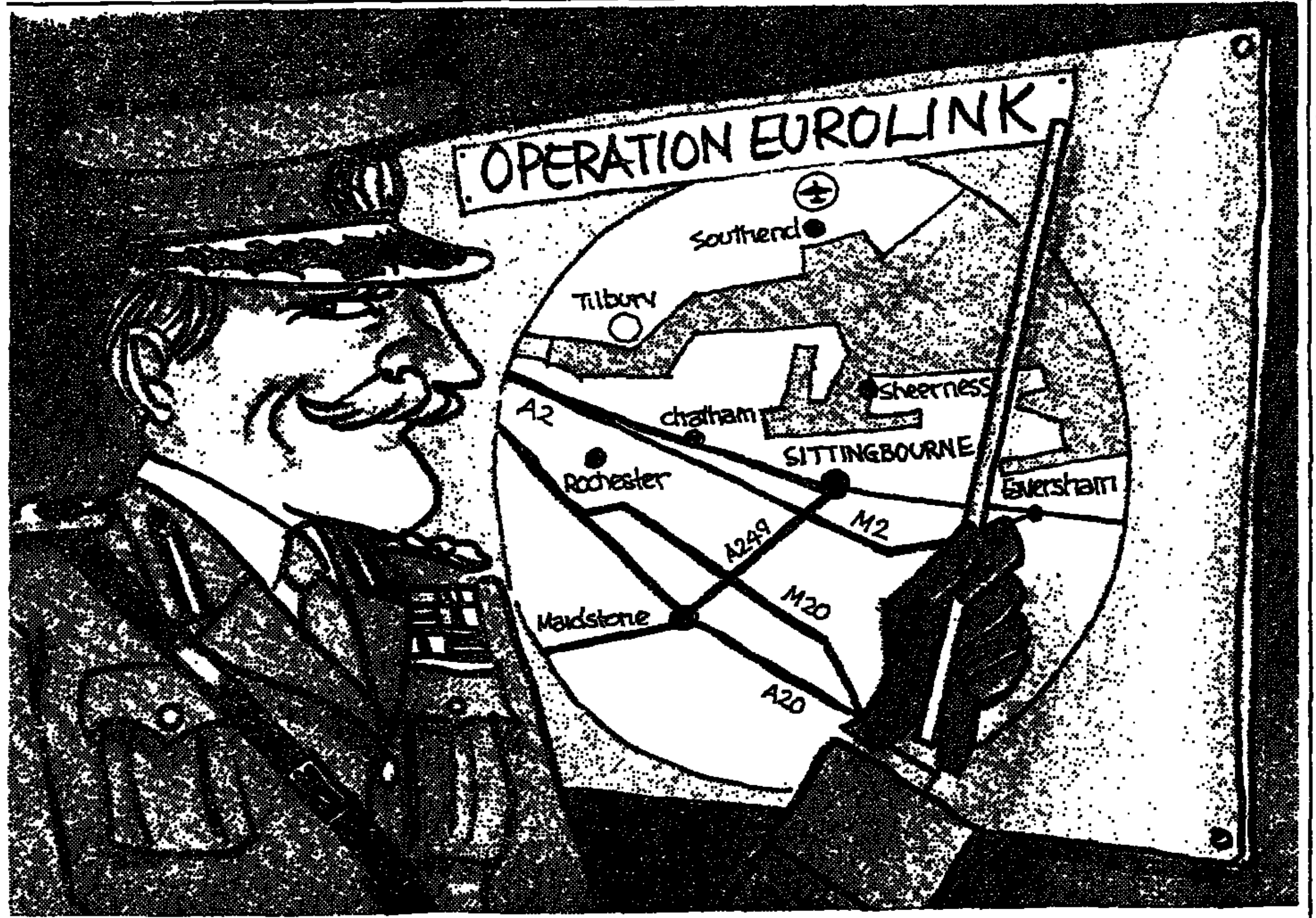
Extracts from the Chairman's statement

Capitalisation Issue. It is proposed that the Company should make a 2 for 1 capitalisation issue of ordinary stock units, partly to increase marketability of the stock and partly to bring the issued capital more into line with the resources employed in the business.

Revenue. Our present revenue estimates are running at a higher level than last year and we expect to be able to recommend a further increase in the dividend for the current year.

Copies of the Report and Accounts can be obtained from
Philip Hill (Management) Limited, 8 Waterloo Place, London SW1 4AY.

PHM



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Hill Samuel little changed after mixed year

PROFIT OF Hill Samuel Group, after tax, for the year ended March 31, 1978, was up slightly from £6.71m to £6.85m but after exchange differences and extraordinary items the net figure came out lower at £6.61m compared with £7.53m.

Banking profit, after minority interest and transfer to contingencies, contributed £4.03m against £4.07m and investment profits £0.3m (£0.19m).

Profits of operating groups, into which Hill Samuel was restructured towards the end of the year, were split as to: Broking and consulting services £2.77m (£3.46m); life and investment management £0.79m (£0.5m); other services £0.34m (£0.31m) and shipowning £0.31m loss last time. Interest on loans took £1.36m (£1.5m).

Results of insurance subsidiaries are not included in the accounts.

There were exchange gains for the year of £1.73m, compared with £0.24m last time which was after £1.75m surplus transferred to banking contingency reserve. The gain is after tax relief of £1.79m (£0.39m tax charge), including £1.35m this time relating to prior years.

There was an extraordinary loss of £1.97m (£0.59m gain) which arose from the decision to withdraw from the shipowning business. The amount includes operating losses and other expenses associated with disposal of the ships.

The directors state that while some parts of the group performed notably well and made substantial increases in profit, others suffered from the adverse factors in their particular markets.

Corporate finance, investment management and the computer services company, Lowndes-Ajax, all had record years. However, interest rates dropped sharply from the previous year and this substantially reduced the earnings on the group's own funds.

The asset base of Hill Samuel Life Assurance was strengthened last year, they add. For the year all surplus was retained in the Life and Annuity funds, and no dividend is being paid by HSLA.

In addition to the shipowning losses, the shipping services activities in Lambert Brothers Shipping sustained a reduction in profits of over £0.6m.

On the merchant banking side the lack of economic growth and of business confidence has meant limited lending demand from industrial borrowers, so that there has inevitably been intense competition among banks and corresponding pressure on margins, directors explain.

While the revenue side did not therefore expand to the capacity of which the group is capable, inflation, though somewhat lower than in the previous two years, continued to have its inexorable effect on costs, they say.

Against this background the material increase in profits from commercial banking activities over the previous year is regarded as a creditable achievement.

Stated earnings per 25p share, before exchange differences and extraordinary items are 11.63p (11.46p) and the dividend is stepped up to 4.904p (4.2855p) net with a final payment of 3.229p, absorbing £2.07m (£1.62m).

Balance sheet totals as at March 31, were £1.3bn against £1.15bn, excluding assets and liabilities of insurance subsidiaries.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meeting to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Corn Exchange, East Driefontein Gold Mining, Record Ridgway.

Finals—British Tar Products, Brownlee, Doornfontein Gold Mining, GEI International, Great Portland Estates, Kloof Gold Mining, Johnson Matthey, Libanon Gold Mining, J. T. Parrish, Pexler-Hattersley, Sketchley, Venterspost Gold Mining, West Driefontein Gold Mining.

FUTURE DATES

Interims—	
Anglo American Gold Investment	June 15
Great Northern Investment Trust	June 19
Finals—	
Anderson Strathclyde	June 20
Avenue Close	June 14
Bell and Sime	June 16
Brickhouse Dudley	July 5
Brown and Tawse	June 21
Elswick-Hopper	June 15
Harcros Investment Trust	June 14
Lyons (J.)	June 22
Rediffusion	June 22
Tesco Stores	June 21
Warren Plantations	June 14

Chemicals hold back Hickson and Welch

Explaining the reduction in pre-tax profit in the March 31, 1978, half-year from £4.89m to £3.74m, Mr. T. Harrington, the chairman of Hickson and Welch (Holdings) says the drop resulted from a reduction in demand for the produce of the UK chemical companies.

This held down selling prices and prevented the full recovery of increased costs. Also the relative strength of sterling during the period reduced export margins. Timber preservation profits, however, showed a slight improvement, he says.

The immediate future remains uncertain but there are signs that second-half profit will be higher than the first.

As reported last week a 1.33p (1.21p) interim dividend is to be paid.

L & G alters retirement plan

Legal and General Assurance Society has completely redesigned its Personal Retirement Plan—the pension contract for the self-employed and other persons in non-pensionable employment. This has involved reassessing the expenses charged to the plan and underlying annuity rates, with the result that the benefits under the scheme have been substantially improved especially under the longer term contracts.

Existing policyholders of the plan will also benefit from these improvements, since the scheme is essentially a series of recurring single premium contracts so that all future premiums will purchase benefits on the new terms.

The new plan retains the high degree of flexibility inherent in the old scheme, both in respect of contributions and in the payment of pension and other benefits. Contributions can be easily varied from year to year to match the fluctuations in earnings of certain self-employed persons. Pensions payments can also be varied to meet the requirement of some self-employed who only want part of their pension at first.

Pyramid keeps up expansion policy

IN HIS annual statement Mr. Paul H. Lewis, chairman of Pyramid Group (Publishers), tells members that the directors' efforts to further the group's expansion by developing internally and examining new ventures will continue.

He says that 1977, which produced profits of £237,497 (£220,665), was uneventful. In July of that year the purchase of Redland Printing was completed.

The buying of a controlling interest in Datamail was finalised on October 31 and Consultimate Marketing Services (CMS) was incorporated on November 9. Datamail offers a personalised direct mail service and CMS is involved in the organisation of special events, exhibitions, seminars and marketing.

Meeting, Hilton Hotel, W, on July 6 at 10 am.

Ocean Wilsons static

DESPITE turnover falling from £34.29m to £29.24m taxable profit of Ocean Wilsons (Holdings) finished the year to January 31, 1978 little changed at £2.7m compared with £2.8m.

UK tax took £152,924 (£298,849) and overseas tax £993,005 (£915,950). The retained balance emerged at £1.15m (£1.25m).

Stated earnings per 20p share are 11.589p (11.965p) and the dividend total is effectively raised from 2.5p to 2.875p with a final payment of 1.875p net.

Eastern Produce earnings balance

WHILE MAINTAINING its efforts to improve the profitability of overseas investments, the aim of Eastern Produce (Holdings) is to reach a position whereby earnings in the UK are sufficient to cover both expenses and a reasonable level of dividends, Mr. H. K. Fitzgerald, the chairman, tells members in his annual statement.

In this way it is intended to bring overall earnings into balance as between the UK and overseas, and at the same time directors are actively considering ways in which to improve the spread of the political and commodity risks to which such a large part of the total capital employed is exposed.

As reported on May 25 pre-tax profits for 1977 rose from £2.58m to a record £7.16m and for the first time in four years the group is paying a dividend of 4.35p with a final of 3.03p.

The chairman says that the pronounced rise in the price of tea was the major contributory factor to the marked improvement in group results.

During the year the group increased its holding in East African Coffee Plantations to 30 per cent and more recently to 35 per cent and its results were included in the years accounts. Mr. Fitzgerald looks forward to assisting future expansion of its activities in Australasia.

After two preceding years' losses, the group's rubber and copra estates in Papua New Guinea turned in a pre-tax profit of £61,000. And Eastern has begun a modernisation programme for the factory on its principal rubber estate so as to cater for new plantings which will be coming into production over the next four years.

Largely due to buoyant coffee prices there were good results from Kakuzi, also.

Balance sheet shows a reduction in short-term borrowing from £3.89m to £1.41m and although at this time results for 1978 are not expected to be as favourable as 1977, the chairman says that by the end of the current year the UK overdraft should have been further reduced by revenue receipts from overseas operations. A statement of source and application of funds shows a reduction in overdraft of £2.79m (£102,329).

Meeting, 100, Old Broad Street, EC, on July 3 at noon.

ASSOCIATES DEAL

Cazenove and Company, on Friday, purchased 5,000 Cornercroft ordinary shares at 65½p on behalf of County Bank, an associate of Cornercroft.

Reports to meetings

Simon Engineering expansion plans

Simon Engineering is on the look out for a fairly substantial acquisition to add to its stable of contracting and engineering interests.

Mr. Harry C. Harrison, chairman, told shareholders at yesterday's AGM: "We now have the structure and resources in Simon Engineering to bring in a fairly substantial acquisition which could form the nucleus of a fifth operating group.

"We have a profile for our requirements and I can assure you that this specifically excludes venturing into business areas completely alien to our experience and knowledge.

"We have ample financial resources for further acquisitions but this must not be done indiscriminately. Every project has to fit our aims," said Mr. Harrison.

Mr. Peter Simmonds, chairman of Leyland Paint and Wallpaper, told shareholders at the AGM that management figures for the first quarter showed a substantial improvement in turnover compared with the same period last year—trading in April and May had confirmed this trend.

"Subject to no deterioration in the economic situation of the country, the Board feels optimistic that the results for the year will show a significant improvement on the annualised figures of the last trading period," said Mr. Simmonds.

The Property and Reversionary Investment Corporation Limited

Results to 31 March	1978	1977
Profit before tax	£1,081,609	£892,491
Earnings per share	8.2p	7.0p
Dividend per share (maximum permitted)	5.16p	4.66p
Undistributed profit.	£210,064	£174,153

Points from the statement by the Chairman, Mr Alfred Rubens, FRICS

- ✻ Property revaluation at 31 March 1978 shows increase of 21.4% over previous year.
- ✻ Dividend covered 1.59 times.
- ✻ Net assets 430p per share (up 25%).

Copies of the report and accounts may be obtained from the Secretary of the Company at Albany House, Petty France, London SW1H 9EE.

Bank of New South Wales

Bank of New South Wales announces that with effect from Wednesday, 14th June 1978 its base rate for lending will be increased from 9% to 10% per annum

Bank of New South Wales,
29 Threadneedle Street,
London, EC2R 8BA.

Incorporated in Australia with limited liability.

Invisib£e

'Our earnings may be invisible but our record of growth is clear'

"Producing continued growth with profits climbing by 38%"

reports Frank Holland, the Chairman, in his statement on the year to 31 March 1978.

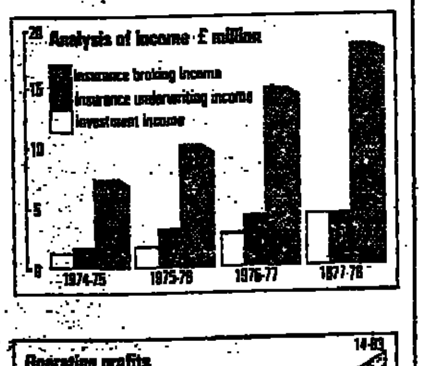
Dividend and Results

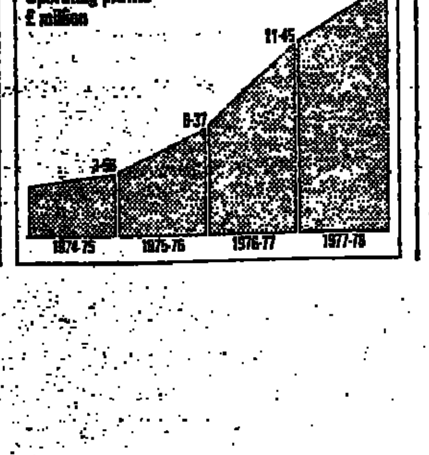
In spite of difficult economic conditions we recorded further very successful growth with the net profit available for appropriation showing an increase of 38% at £7.9 million.

A final dividend of 5.118p per share is recommended making the maximum permissible under current legislation.

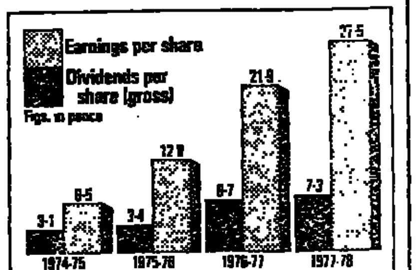
Insurance Broking

With sterling strengthening against the dollar and a reduction in the rate of inflation there has been a slowing in the rate of growth of brokerage. Nevertheless the increase in brokerage income from £14.9 million to £18.5 million—24%—is an outstanding achievement by all our insurance broking companies.





Overseas there has been good progress from our Australian insurance broking operation despite strong competition and our combined operations in the Far East are also making a contribution. Unfortunately our South African Company is still having problems but there are good prospects for an early return to profitability.



Underwriting

Our Lloyd's non-marine syndicate suffered a smaller loss than anticipated on the 1975 account recently closed and it should achieve profitability once again in the 1976 account. An important new development is the formation of a Lloyd's marine syndicate under our agency to commence underwriting for the 1979 account. Also in London, our Agencies Company which writes on behalf of the Bellefonte and Pine Top Insurance Companies is making encouraging progress.

Overseas, our Australian underwriting operations achieved very satisfactory growth in profits. During the year we broadened the scope of our operations there with the acquisition of Oak Insurance Limited, a small personal accident and disability insurance company.

Investment and Future Growth

Most of our growth in recent years has been achieved organically from the growth of existing accounts and from obtaining new business. However, we are also actively pursuing alternative means of growth by acquisition and the purchase of additional freehold premises adjoining Cuthbert Heath House will facilitate this expansion.

A most significant development for our operations both in France and the Common Market generally is the acquisition of an 80% interest in Groupe Sprinks, the Paris based underwriting agency.

Future Prospects

We have made a considerable advance in the recent past but cannot expect that future years will be easy. With stable exchange rates and world-wide control of inflation, insurance broking growth must come from new business, while expenses must be closely controlled to maintain profitability.

In this context we are very fortunate in the quality of our staff. They have achieved much in the past and I am sure will achieve even greater things in the future.

Contributing to industrial and commercial progress world-wide

Today, industry and commerce function increasingly on an international basis. The effect has been to broaden enormously the sphere of operations and to increase the capital sums involved. Consequently, there has arisen a corresponding demand for insurance to be arranged internationally to cover the complex risks and huge investments at stake.

In these circumstances more and more organisations are taking advantage of the international insurance and resinsurance broking and underwriting services provided by the C. E. Heath Group.

In almost every country in the world there are undertakings either under way or in operation simply because we have been instrumental in arranging the insurance or reinsurance so vital to progress world-wide.

Providing evidence of outstanding performance

In the past five years the company has grown from a market capitalisation of £10 million to over £75 million and it is appropriate that this fine performance should be marked this year with the accolade of the Queen's Award for Export Achievement.

The citation referred to the fact that over a three-year period the company's overseas earnings had more than doubled.

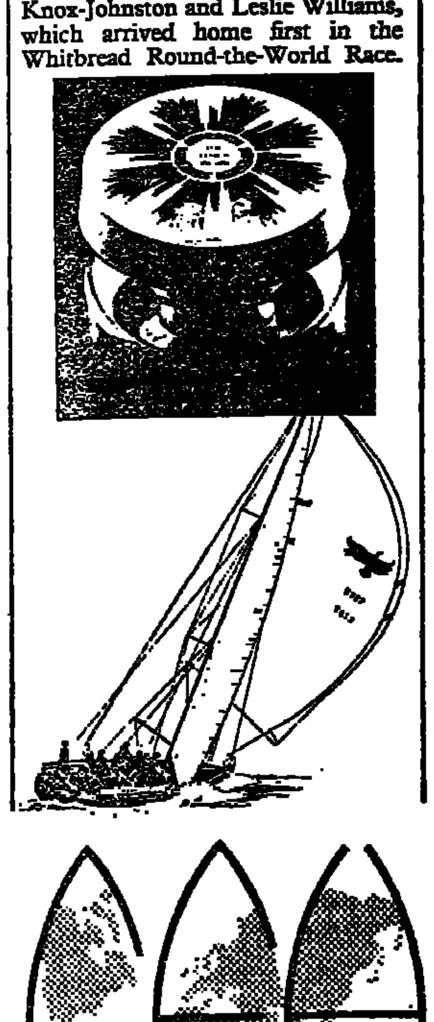
Our Award comes from channelling insurance and reinsurance premiums through the London market from clients all over the world. The results are good for the C. E. Heath Group. More important they're good for Britain. And they're good for Lloyd's and the London insurance market. It is an achievement that makes us feel proud.

Demonstrating liveliness of outlook

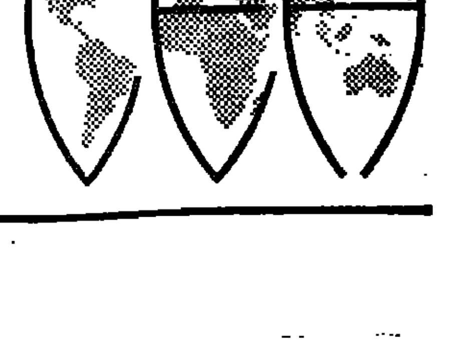
One of the many reasons for our growth is that we are and always have been forward-looking. An obvious expression of this liveliness of outlook is the way in which we have made advertising work harder in projecting a favourable group image.

Evidence of our success is to be found in the fact that we were awarded The Times Grand Prix for the best company results advertisement of 1977.

As another part of our public relations, we sponsored the yacht Heath's Condor, skippered by Robin Knox-Johnston and Leslie Williams, which arrived home first in the Whitbread Round-the-World Race.



Copies of the full Report and Accounts are available from the Secretary



C.E.Heath & Co.Limited

Cuthbert Heath House, 151/154 Minories London EC3N 1NR
Tel: 01-488 2488 Telex: 885280 or 888088

INTERNATIONAL INSURANCE BROKERS
REINSURANCE BROKERS AND UNDERWRITING AGENTS

Confidence at C. E. Heath

Mr. F. R. D. Holland, chairman of **C. E. Heath and Co.**, says in his annual statement that he is confident the group's new organisational structure will enable it to meet all likely challenges from within its own market and from abroad.

However, he cannot predict that the next few years will be easy.

On the underwriting side, Mr. Holland is sure that the overhauling of the syndicate account will prove beneficial and that a reasonable underwriting profit with its attendant commission will be achieved.

On the insurance broking side, the group will have to face the fact that with greater control being obtained world-wide over inflation and with more stable exchange rates, growth must come from new business and that to maintain profitability close attention must be paid to expense ratios.

For the year ended March 31, 1978, profits before tax rose from £11.27m to a record £14.68m. The gross dividend total is 7.318p against 6.667p previously, adjusted for a two-for-one scrip issue.

Available net profit is ahead from £5.76m to £7.94m and on a CCA basis is £7.31m (£5.3m).

On insurance broking, the chairman says the increase in brokerage income from £14.93m to £18.51m is an outstanding achievement. The rate of increase has varied to a certain extent from one operating division to another, but all made substantial increases.

Overseas there was good progress from the Australian insurance broking operation despite strong competition and also there are now positive signs that combined operations in the Far East are also making a contribution.

South Africa is still an area beset with problems but the chairman is hopeful that the operation is now on a better basis and that in this current year it will be achieving a reasonable level of profitability.

In underwriting, the group's 1975 Lloyd's syndicates' accounts have recently been closed with the non-marine syndicate suffering a loss smaller than anticipated, while other syndicates showed reasonable profits.

It now looks as though the expected return to underwriting profitability for the main non-marine syndicate will commence with the 1976 account, Mr. Holland says.

Meeting, Baltic Exchange, EC, July 5, at noon.

Statement, Page 33

Improvement at Dunlop subsidiaries

Improved pre-tax profits were reported for 1977 yesterday by two Dunlop subsidiaries, **Dunlop Plantations and Dunlop Textiles.**

Plantations' profit jumped from £4m to £7.9m on turnover of £23.96m (£17.39m), and before tax of £3.83m (£1.52m). Dividends absorb £1.17m (£0.76m).

Textiles' turnover rose from £14.05m to £17.16m and pre-tax profit lifted from £0.49m to £0.73m. The result is subject to tax of £66,000 (£170,000), and ordinary dividends absorb £0.57m (£0.14m).

Western Provident growth

Strong growth last year is reported for **Western Provident Association**, a leading medical insurance agency, with subscription income in 1977 on its main fund—the Private Treatment Scheme—up by 38 per cent to £1.7m and a 33 per cent increase in investment income. However, claims for the year were 36 per cent higher at £1.25m—75 per cent of subscription income—and expenses were 27 per cent higher, so that the operating surplus on the year amounted to £149,000 against £68,000 in 1976. At the end of the year, there was a surplus of £1.28m compared with the minimum requirement of £380,000 required under the Insurance Companies Act 1974.

Mr. A. G. Wright in his chairman's statement, points out that despite continued economic pressures the net number of subscribers to the association rose by over 20 per cent. He referred to the merger with Mid-Southern Hospital Contributory Association on December 1, 1977, which had resulted in a doubling of both membership and income. The accounts, however, only included Mid-Southern results for December and no adjustments had been made to the 1976 figures.

W. Bromwich Spring up 80%

AN EIGHTY per cent jump in pre-tax profits from £331,200 to £595,475 is reported by **West Bromwich Spring Company** for 1977. Turnover in the year rose from £2.69m to £3.44m.

Mr. D. Cooper-Smith, the chief executive says the result was achieved in the face of dull trading in the automotive and engineering industries.

The results reflect the concentration—on specific markets, he says. The group has had considerable success recently in the agricultural machinery market.

The increase in profits was coupled with a rise on cash and short term deposits from £226,000 to £400,000. The company still has no borrowings.

Earnings per 10p share are shown ahead from 3.96p to 7.06p and the final dividend of 0.709p net takes the total to 1.039p compared with 1.09p last time. Shareholders received £500,000 worth of bonus Preference shares in March which has effectively doubled the dividend.

BIDS AND DEALS

Fluidrive rejects £5m Thomas Tilling offer

Fluidrive, the Middlesex fluid couplings group, has rejected a £5m offer from Thomas Tilling, whose interests range from engineering to tiles and pottery.

Fluidrive yesterday declined to state its reasons for rejecting the offer but said the reasons would be given to shareholders following the despatch of Tilling's offer document.

In the meantime, Fluidrive added that it strongly advises shareholders to retain their shares. The shares rose another 2p yesterday to 78p compared with the bid price of 73p.

Tilling is offering five shares of 20p each for every eight 20p Fluidrive shares.

BERKELEY HAMBRO SEVERS LINK WITH SWIRE

Berkeley Hambro Property Company has severed its remaining link with **Swire Properties of Hong Kong**. Berkeley Hambro's Hong Kong subsidiary yesterday placed its remaining 17.1m Swire shares with institutions. The £6m raised is £1.6m more than the shares' book value, and the cash will be used as part of the British group's de-gearing programme to reduce overseas borrowings.

Berkeley Hambro first acquired an interest in Swire in 1972, and at that time the companies entered into a management agreement earning BH between £50,000 and £100,000 a year for managing Swire. This contract is due to expire in July following Swire's public flotation in Hong Kong last year. And last May Mr. John Spink, BH's former deputy chairman and managing director, joined Swire as its chief executive.

The Hong Kong sale follows BH disposal earlier this year of its North American properties to Swire for £4.4m.

HENSHALL BOARD FAVOURS PETFORD

The Board of **W. Henshall and Sons (Addlestone)** has written to shareholders rejecting the 20p per share **Bovbourne** bid and recommending the 30p per share counterbid by **Petford.**

Henshall not only opposes the price of the Bovbourne bid but also comments, "your directors do not consider their intentions with regard to management, the development of the business or dividend policy have been adequately explained."

The pre-tax profit of Henshall for the year ended March 31, 1978 is revealed as £244,568 (£92,440), on turnover up from £2.1m to £2.6m.

The Treasury has given permission for the dividend to be increased to 1p (0.325p) per share.

The property assets have been revalued to show a surplus of £390,623 after providing for deferred taxation. The net asset value per share, after this revaluation, is 47.2p.

The directors, who own 20.9 per cent of the equity, intend to accept Petford's offer. But in view of the possibility that the offer may not become unconditional, and that the Bovbourne offer may not be increased, the Board says, "you may wish to take advantage of Petford's intention to continue buying shares in the market."

The Board has "been given to understand that Bovbourne has not ruled out the possibility of an increase in its offer."

STANDARD CHARTERED U.S. BID LIKELY TO BE SCRUTINIZED

The proposed acquisition of **Union Bancorp.** by **Standard Chartered Bank** for $372m or $33 a share is sure to get "very close regulatory scrutiny."

This was stated by Mr. Harry Volk, Union's chairman and chief executive officer, at a Press conference in Los Angeles yesterday, which was also attended by Standard Chartered's chairman, Lord Barber, and its managing director, Mr. Peter A. Graham.

The proposed acquisition will almost certainly add to the unease already felt by regulators and some members of Congress over foreign banks taking over U.S. operations. This will be the third such pending acquisition. Previously, National Westminster Bank agreed to acquire 75.1 per cent of National Bank of North America for about $300m and Hongkong and Shanghai Banking Corp. of Hong Kong announced plans to buy a 51 per cent stake in Marine Midland Banks for as much as $260m over a period of years.

Neither transaction has yet been approved by regulatory agencies, and now Union Bancorp. joins the waiting list. "It's like three guys waiting to go to trial," says Mr. George Salem, vice-president and senior analyst for Bache Halsey Stuart Inc. "If the regulatory agencies show a willing attitude toward these, I can see a flood of such takeovers," he added.

PREMWAIN TO HELP PENNINE MOTOR

The directors of Pennine Motor Group announce that negotiations in stabilising the financial position of the company have now been finalised.

Certain shareholders of **Premwain Group** have acquired 1m shares from directors and certain major shareholders of the company. In consideration of this, Premwain have made arrangements to ensure the financial stability of the company. Premwain is a property investment and development company.

As from June 6 the board will consist of: Geoffrey Tankard, chairman; Richard T. S. Kownsbrough, managing director; Edwin H. Marley, executive director: David J. Knott, Adrian J. Wilkinson, Alfred P. Sterling and Howard T. Burgess.

The directors are sure that these arrangements will give additional security to the employees of the group and will provide a more secure basis for the shareholders.

More details will be given in the chairman's address at the forthcoming AGM.

ALCAN (UK) TO FORCE LOAN CONVERSION

Alcan Aluminum (UK) is going to compel the outstanding holders of the 9 per cent convertible loan stock to convert. This was foreshadowed earlier this month when the company announced that 82 per cent of the holders had now converted. The income advantage of conversion is now overwhelming in view of the new dividend rate.

Most of the holders who have not converted are private investors and the assistant managing director, Mr. Donald Main, has said that they might be compelled to convert "for their own interest." The effect will be to increase the UK interest in the equity of Alcan from 15.9 to 19.2 per cent.

Formal notices will be issued to the remaining stockholders before June 28. They have the right to receive repayment at par plus accrued interest as an alternative to conversion.

SINGAPORE AGREEMENT FOR TULLET & RILEY

Tullet and Riley, the London money broker, has set up a joint venture international money broking firm in Singapore. The Singapore partner is Degani and Co., a local money broking firm established in 1974. The new company which has an issued capital of S$100,000 is known as Degani, Tullet and Riley.

Of the issued capital 60 per cent is held by the Singapore partners and the remainder by Tullet and Riley. Until the formation of the new company, the two firms had an agency agreement to represent each other in London and Singapore.

GEO. BASSETT BUYS BISCUIT MAKER

Geo. Bassett Holdings has purchased **Paterson's Scottish Shortbread**, the Livingston manufacturer of shortbread and other biscuits, for £973,000 from **Booker McConnell.**

Geo. Bassett said yesterday that the acquisition continues its policy of diversifying into the manufacture and marketing of special food products. Bassett hopes that Paterson will strengthen Bassett's effectiveness in this area of operation, which already include Purdy cakes and Rouger.

Booker said its policy is to concentrate on food distribution rather than manufacturing—except in the specialist health food business.

APPLEYARD

The car distributor business of **Appleyard (Aberdeen)** appears likely to be taken over by **Aberdeen Motors** as Leyland Cars sets about re-organising its franchises in that city.

Discussions are taking place between Appleyard and Aberdeen Motors following Leyland's decision that it is over-represented in the Aberdeen area.

A price for the takeover has still to be agreed but Appleyard said yesterday that if the proposed takeover succeeds it is not anticipated that there will be any redundancies arising from the rationalisation, with Aberdeen proposing to employ the majority of the Appleyard staff.

SALE TILNEY

Sale Tilney, the food importer and specialist machinery manufacturer, is to dispose of its 50.3 per cent stake in the U.S. company **Amcam Corporation.** Amcam is to buy back the majority interest for $0.5m (£274,123).

Sale Tilney acquired its stake for £177,286 in 1974. The British group said yesterday that Amcam's products were no longer sufficiently compatible with products of other companies in the group.

It said that the cash raised would be used more profitably by supporting the development of business more closely associated with the group's existing range of activities.

SHARE STAKES

Schroders—Vincitas, a trustee of certain settlements made by members of the Schroder family, has ceased to be interested in 271,464 shares on retirement as a trustee of a settlement. Vincitas is now interested in 1,148,304 shares (14.7 per cent.).

The non beneficial interests of Bruno L. Schroder, director, has increased as a result of a purchase by trustees of 8,000 shares. He is now interested in 1,136,453 shares (14.55 per cent) of which 254,153 are held beneficially and 882,300 non beneficially. The non beneficial interests of G. W. Mallinckrodt, director has decreased as a result of a sale by trustees of 32,220 shares.

Montfort (Knitting Mills): Interest of Master Securities, together with R. Djanogly and D. Djanogly, in shares of company has been increased to 470,300 shares (21 per cent.).

Birmid Qualcast: Kuwait Investment Office sold on June 1 60,000 shares reducing holding to 3,845,000 shares (5.83 per cent).

Hoskins and Horton: G. W. Taylor, director, has sold 9,500 shares reducing holding to 1,500 shares. His family and other interests of 9,000 shares have also been sold. All on June 5.

Hawkins and Tipson: Sun Alliance and London Insurance Group has raised holding by 45,000 shares to 550,000 shares (7.99 per cent).

Francis Industries: Temple Bar Investment Trust is interested in 400,000 shares (5.51 per cent).

Office and Electronic Machines: E. Markus, chairman, has sold two lots of 25,000 shares and J. C. Davies, director, has sold 5,000 shares.

John Lewis and Co.: John Lewis Partnership on June 2 bought £20,000 5 per cent first cumulative preference stock making total interest £335,332 stock (22.35 per cent).

Grand Metropolitan: W. J. Baker has converted the whole of his holding of loan stock and has been granted right to subscribe for 9,000 shares.

Tehidy Minerals: O. S. Straus, chairman, has bought 15,000 shares.

Anglo Indonesian Corporation: S. C. Pryor, director, as a result of accepting the offer made for Walker Sons and Co. (UK) has acquired a beneficial interest in a further 45,000 shares.

David Dixon and Son Holdings. Mr. H. Turpin, a director, has acquired 23,000 ordinary shares, making a total of 160,500 (11.04 per cent). In addition Mr. Turpin holds 41.99 per cent of the preference capital.

Francis Industries. Imperial Group Pension Funds has an interest in 447,500 ordinary shares (6.17 per cent).

Lindsay and Williams. Mr. Peter Bennett of Security Growth has reduced his holding of 178,000 shares to 149,500 (14.37 per cent).

Noyapara Tea Holdings—The holdings of Mr. C. L. Nelson, a director, are beneficial 7,625 shares (10.17 per cent) and non-beneficial 921 shares (1.23 per cent).

Willis Faber—Mr. H. E. Gumbel, a director, sold 10,000 shares at 257p on May 25 and 20,000 at 251p on May 30.

Kelsey Industries—Mr. P. B. Arbib, a director, has sold 1,776 10 per cent cumulative preference shares and now holds 25,752 shares (1.68 per cent) and has bought 6,905 ordinary shares and now holds 358,320 shares (9.33 per cent). Mr. M. Arbib, a director, has sold 4,567 preference shares and now holds 42,784 shares (2.78 per cent) and has bought 4,960 ordinary shares and now holds 352,942 shares (9.19 per cent). Mr. G. F. Arbib, a director, has sold 5,951 preference shares and now holds 42,734 shares (2.78 per cent) and has bought 6,471 ordinary shares and now holds 378,014 shares (9.84 per cent).

Robert McBride. Confederation Life Insurance Company has acquired 50,000 10 per cent cumulative preference shares.

Thomson T-Line Caravans: Kleinwort Benson owns 117,500 shares (7.26 per cent).

Pennine Motor Group: Gresham House Estate Company purchased 490,000 (7.64 per cent), and Mr. D. J. Knott has purchased 490,000 shares (7.64 per cent.).

S. Lyles: Trustees of Mr. Aubrey S. Lyles, deceased—Mrs. M. Young and C. G. L. Wooldridge have sold 268,101 shares and now hold 100,000 shares (2.75 per cent).

Estates and Agency Holdings—Angloped Investments, a company owned jointly by D. Berchampour and F. A. Shasha, holds 322,500 ordinary shares and 31,850 preference shares. In addition Mr. Shasha holds 23,000 ordinary shares. M. Elghanayan holds 195,000 shares.

Lindsay and Williams—Mr. P. H. Giles, a director, holds 103,400 shares (10.13 per cent).

St. Andrew Trust: Standard Life Assurance Company and Standard Life Pension Funds hold 605,164 shares (5.3 per cent.).

MINING NEWS

Homestake still needs Custer's gold

BY KENNETH MARSTON, MINING EDITOR

AMERICA'S **Homestake Mining** is best known on this side of the Atlantic for its veteran gold mine near Bobtail Gulch in the Black Hills of South Dakota. Reputedly discovered in 1874 by a detachment of General Custer's army, the ore deposit is still yielding gold and last year some 305,000 ounces were produced, equal to about 30 per cent of the total U.S. output.

Homestake made an operating profit from gold in 1977 of $3m (£1.6m) which together with the contribution of the Bulldog silver mine accounted for 13 per cent of the total. Of the remainder, lead and zinc contributed 37 per cent and uranium provided as much as 50 per cent.

Production and sales of uranium from the U.S. properties was lower last year and a large purchase of uranium concentrates for onward sale was made from an unnamed foreign supplier. A new partnership uranium mine in New Mexico came into production late in 1977 and it is hoped that mill construction at the Pitch mine in Colorado will be able to go ahead this year following the completion of an environmental impact statement by the U.S. Forest Service.

Meanwhile, Homestake is involved in the Westinghouse law suit against 29 domestic and foreign uranium suppliers (which include Rio Tinto-Zinc) which has been halted pending disposition of a motion to disqualify Westinghouse lawyers for conflict of interest.

Homestake says that when the action proceeds the company will defend itself vigorously against the charges, "which we believe are attempts by Westinghouse to escape the consequences of its own commercial misjudgments."

Homestake's move from losses to profits on gold last year reflected an average price received of $147.47 per ounce and it is pointed out that the rise in the price to $165 occurred in the final quarter and thus had only a limited effect on the full year's earnings.

Clearly the advance which has since taken place in gold—it was $181½ yesterday—will make an impact on current year's profits of Homestake which believes that "the value of gold will continue to rise as long as most governments of the free world find it politically impossible to reverse persistent inflationary spending in the public sector and the expansion of governmental growth and regulation."

Uranium earnings this year are expected to show a moderate decline after the advance which has taken place in the past two years and income from the new Pitch mine may not be significant until 1980. Not much change in profits from lead is expected this year while the zinc outlook is not promising. So the traditional gold activities will have to take the strain.

BLYVOOR LIFTS FINAL TO 33c

An increased final dividend of 33 cents (20.8p) is declared by the **Barlow Rand** group's gold-producing **Blyvooruitzicht.** The payment, which is much in line with expectations, makes a total for the year to June 30 of 63 cents compared with 46 cents for 1976-77.

Once again, the group's struggling marginal gold mines, **Durban Deep** and **East Rand Proprietary**, are passing their interim dividends. Blyvoor closed unchanged at 327p yesterday prior to the latest dividend announcement.

ROUND-UP

The Italian state-owned iron and steel concern, **Italsider** plans to import about 150m tonnes of coal from Australia over the next 10 years. The announcement was made by a **Finsider** executive after a meeting with officials of Australia's **Utah Development.**

* * *

Canada's **Sabina Industries** says that production has commenced at its small 50 per cent-owned Hewitt silver-lead-zinc mine in British Columbia. The company's president, Mr Bill Cummins, anticipates that revenue from Hewitt should produce an estimated C$100,000 (£48,800) pre-tax profit towards group funds.

* * *

Malaysia's government is undertaking a geochemical and geological survey of the country's central belt to locate metal deposits, according to the Minister of Primary Industries, Mr. Amar Abdul Taib Mahmud. Available geological data indicates that the central belt, parallel to and east of the country's main range, could contain copper, lead and zinc deposits.

Saskatchewan uranium gets the go-ahead

DEVELOPMENT OF good grade uranium deposits in northern Saskatchewan will be permitted, subject to tough environmental and worker safety conditions, reports our Ottowa correspondent.

The province is believed to have 30 per cent of Canada's known uranium reserves. As a result of the go-ahead announcement made by Mr. Alan Blakeney, the state premier, royalties of between C$1.5bn (£762m) and C$3bn are projected during the next 13 years.

Mr. Blakeney's announcement on the weekend was greeted enthusiastically by business and with dismay by environmentalists. The latter are concerned that the public has not had time to study a report which preceded Blakeney's announcement that development will be accompanied by social upheaval and that the radioactivity dangers are not fully appreciated.

Mr. Blakeney said that four or five years will pass before the province sees any substantial increase in royalty revenues from uranium development. His announcement followed the release of a 1,050 page report of a public inquiry headed by Mr. Justice E. D. Bayda. The report recommended development.

Mr. Justice Bayda specifically inquired into a proposed C$130m mine and mill for Cluff Lake in northwestern Saskatchewan. Both the board of inquiry and the government approved of the project proposed by a French mining firm, Amok.

Imetal predicts 1978 loss

IMETAL, the French metals group, expects to make a consolidated net loss this year, M. Guy de Rothschild, the president, warned shareholders. But the operating profit should be held at about the 1977 level of FFrs 36m (£4.29m).

But he was confident that the group was well-equipped both to maintain and develop its profits and dividends.

The principal holdings of Imetal are 59.45 per cent in Penarroya, the lead and zinc company, 50 per cent in **Societe Le Nickel**, which has extensive interests in New Caledonia, 93.8 per cent in **Mokta**, the uranium, iron and managese producer, 67.01 per cent in **Copperweld**, a major U.S. investment, and 24.89 per cent in **Lead Industries Group** of the UK.

M. de Rothschild conceded that the prospects for Societe Le Nickel were best seen in the medium term, but added that the other main elements of the group would find financial equilibrium next year and full health in the following years.

Societe Le Nickel's sales volume in the first half of 1978 was much the same as in the 1977 second half and the loss would be FFr 50m against FFr 80m. The latter period was affected by the fall of the dollar and the increase in costs.

Lead Industries is in good health, M. de Rothschild said, and Copperweld will trade as successfully in 1978 as it did in 1977, but the costs of closing an important plant will weigh heavily on the results.

Mokta, a diversification for Imetal, produces profits at a regular rate and its results this year are likely to be of the same order as in 1977.

For its part, Penarroya is troubled by depressed zinc prices and its performance will depend on EEC steps taken to safeguard the industry generally.

In 1977, Imetal made net consolidated profits of FFr 83m, less than half those of 1976.

MINING BRIEFS

GEEVOR TIN—May output 10,316 tonnes treated produced 100 tonnes Black Tin (65 per cent Sn), including 12 tonnes low grade concentrates.

RAHMAN HYDRAULIC TIN—Output for ore for May, 24 tonnes, April, 28 tonnes.

EX-LANDS NIGERIA—Production of tin ore for May, 24 tonnes; April, 28 tonnes.

OIL AND GAS NEWS

Rundle production could start in 1981

PRODUCTION of oil from the Rundle shale deposit in Queensland could start in 1981 Mr. Ian McFarlane told shareholders of **Central Pacific Minerals** at the annual meeting last Friday.

Central Pacific and its associate company, **Southern Pacific Petroleum**, have a 50-50 joint venture in the deposit.

Mr. McFarlane said that the partners want to build a test plant at Rundle but this depends on the outcome of feasibility studies and the willingness of a major oil company to participate.

All feasibility studies should be completed by August and three oil companies had shown an interest in the venture, Mr. McFarlane added.

Preliminary estimates based on the Lurgi Retort method show a three retort test plant costing U.S.$210m to U.S.$240m could produce 23,000 barrels of oil and gas a day. If this was successful, the plant could be expanded to produce 250,000 barrels a day from 40 retorts.

Mr. McFarlane said that an expansion of the plant to this level would involve an ultimate investment of about U.S.$1.8bn to U.S.$2.0bn. He said that estimated Rundle reserves are 1.3m barrels of oil.

At the meeting it was estimated that production costs would be around $3.75 to $4.50 a barrel for a 40 retort operation.

Both companies have performed spectacularly well in the recent "boom" on Australian stock markets.

In overnight Sydney markets Central Pacific advanced 50 cents to A$7.50, while Southern Pacific climbed 5 cents to A$2.60, after touching A$2.75 at one point.

Petrobras, the Brazilian state-owned oil company, announced last week that its L-RJS-56 well had produced constant shows of oil, **reports Diana Smith from Rio de Janeiro.**

The well, to the north of the Campos basin is in an area which until now have been little explored.

Unlike other wells in the Campos basin, L-RJS-56 is in waters only 30 metres deep (compared with 100 metres for other wells) and only 60 km from the coast. Until now the major Campos probes have been 100 km offshore.

Well L-RJS-55, another recent discovery in the Campos basin, is yielding 1,560 barrels per day and thus, Petrobras says, can be considered "commercial."

This well and another, L-RJS-49, now being tested at 2,850 metres, are only 3 km from the Pampo field, which means that they can make an important contribution to the field's definitive production system.

* * *

Pertoleos de Venezuela, the state oil monopoly, inaugurated last Wednesday a $30m project which company officials say could add 5bn barrels of recoverable oil to the nation's proven reserves of 18bn barrels.

The project, a continuous steam injection system located on land at the eastern shore of Lake Maracaibo, is under the management of Maraven, one of the four operating subsidiaries of Petroleos de Venezuela, the holding company that has run Venezuela's oil industry since its nationalisation on January 1, 1976.

The system is intended to recover deposits of heavy and extra-heavy crude which cannot be brought to the surface through natural pressure. Nelson Vasquez, head of production operations for Maraven, said the estimated increase in recoverable reserves applies only to the areas assigned to Maraven along the east coast of Lake Maracaibo in western Venezuela.

Of even more importance for the future of Venezuela's oil industry, Vasquez said, is the possibility that a similar system can be put to use in the Orinoco oil belt, an area of vast, unexplored reserves of tar-like oil in south-eastern Venezuela.

* * *

Oil from India's first offshore oilfield will come ashore this week through a 203 km pipeline built at a cost of $75m, according to India's Oil and Natural Gas Commission.

	GUILDERS 1977	GUILDERS 1976
Net Sales	231,000,000	225,000,000
Net Profit	3,000,000	1,500,000
Cash Flow	11,300,000	8,300,000
Total Employees:		
Netherlands	860	872
Abroad	452	456
Net profit per share:	4.41	2.15

BANK FOR INTERNATIONAL SETTLEMENTS' ANNUAL REPORT

Three-way stimulus for world growth

BY DAVID FREUD

INTERNATIONAL growth could be reactivated by a three-pronged policy of reducing oil *import bills*, concerted expansionary action featuring tax cuts and a continuation of the fight against inflation, the Bank for International Settlements said yesterday.

The bank's annual report said that the weakening of world economic activity last year was largely unexpected and there were still depressive influences at work.

These influences were the same as those which last year tilted the balance, outside the U.S. at least, towards slower growth, the shrinking but still sizeable oil surplus; the payments imbalances among industrial countries and the resulting currency unrest; persisting cost/price inflation; and structural problems in some of the highly developed, export-oriented, industrial countries.

On a more optimistic note, the bank said that the forces which could contribute to renewed growth seemed to have strengthened. Many countries, both in westrn Europe and among developing nations, had gone far towards redressing their external balances and their reserve positions. The supply of funds for balance-of-payments financing showed no signs of becoming tighter.

Also, there was awareness in Japan and Germany that a steady, healthy expansion of domestic demand was as important *for these countries as for* the rest of the world. In the U.S. the outlook was for continued expansion, although probably at a slower pace.

"On balance, therefore, it appears unlikely that depressive influences could prove strong *enough to push the world further* into recession. But, it seems equally unlikely that economic growth could resume a satisfactory course in the absence of further stimulatory measures, taken with due regard for relative payments imbalances and the continuing need to reduce inflation.

"The chances are that, with no change in policies, economic activity and trade would continue to grow at a very slow pace."

While such a development could hardly be described as a world crisis, it would entail a number of potentially grave consequences for industrial and developing countries alike.

One obvious consequence would be the widespread persistence of high rates of unemployment, particularly if rises in real wages continued to support the strong labour-saving bias of investment policies. In this event, the growth of labour productivity could tend to equal, or even exceed, that of output.

The shifts

There would also be an impact on the normal and continuous process by which resources—entrepreneurship, labour and capital—were transferred from declining to expanding industries. This process, far from accelerating, could actually slow down for two reasons:

THE FIRST was that in a slowly-growing economy it was hard to distinguish permanent shifts in comparative advantage from excess capacities which *were simply the outcome of near* stagnation. Thus, declining industries could be bolstered by Government assistance.

THE SECOND reason was that *many industrialists, inhibited by* the general uncertainties of hesitant growth, would shy away *from undertaking major investment* in potentially promising sectors.

Semi-stagnating economies would not help in efficiently fighting the cost/price spiral. After participating in several decades of fast and regular growth, competing pressure *grouns would be likely to try to* appropriate ever-increasing shares of a cake which had ceased to grow. The outcome could be continued upward pressure of wages, costs and prices, the bank added.

The stagnation of output would have a manifestly detrimental effect on developing countries. The success which the major debtor developing countries had had so far in cutting current-account deficits to manageable size would be subject to reversal, while other developing countries would find their chances of joining the development process seriously reduced.

The bank's policy recommendations stem from its analysis of the depressive factors underlying the present slowdown.

The first factor was the oil surplus. Recycling, although necessary, was no more than a palliative. One component of real adjustment—the absorption of goods and services by the oil-producing countries—would have to be spread over a fairly long time span.

The burden of further adjustment therefore would have to be borne by oil consumers, either by economising on overall energy consumption, substitution of other forms of energy or, in some countries, by expanding domestic oil production.

The second major constraining factor was the balance-of-payments disequilibrium among industrial countries—more specifically between the US on the one hand and Japan, West Germany and Switzerland on the other. The reduction of the imbalances required adjustment measures by these countries.

However, it would be unrealistic and potentially dangerous for the world economy to recommend strong overall domestic restriction in the US and conversely, strong domestic expansion in West Germany and Japan.

In practice, neither of the two surplus countries was likely to be very successful in strengthening world demand unless a number of other countries took action as well.

In a sluggish world economy, *the export-oriented structure of* their industry precluded any satisfactory short-term revival of domestic demand through investment and it would be unrealistic to expect a sufficiently quick adjustment through private consumption alone.

"It follows that, although more moderately than in these two countries, domestic expansion may have to be stimulated elsewhere as well—in countries where balance-of payments constraints have been reduced and where inflation rates have been brought down substantially."

It was essential that the expansion should not be initiated through easier monetary policy. Expansionary fiscal policies would be less likely to elicit countervailing market reactions and the risk would be even less if fiscal action were to rely on tax cuts *rather* than additional government spending.

If fiscal expansion was pursued moderately, it would be unlikely to trigger a revival of demand-pull inflation.

Furthermore, cuts in income tax should be conducive to greater wage restraint since they provided a practical alternative to pre-tax wage increases. This should help undermine the cost/price spiral.

GOVERNMENT EXPENDITURE

Countries	Real increase in total expenditure*					Net financial deficit (−)				
	1973	1974	1975	1976	1977	1973	1974	1975	1976	1977
	in percentages					as a percentage of gross national product				
United States	3.2	3.2	6.0	−2.0	3.0	−0.5	−0.2	−4.2	−2.1	−1.1
Germany	7.3	7.7	6.2	3.6	3.4	1.2	−1.4	−5.8	−3.6	−2.7
France	5.5	6.0	9.8	4.7	5.0	0.9	0.6	−2.2	−0.8	−1.2
United Kingdom	7.2	10.2	2.3	−0.4	−4.8	−2.5	−4.0	−4.8	−4.9	−3.3
Italy	3.7	4.2	18.9	0.1	4.8	−6.3	−5.9	−14.5	−9.8	−9.9
Japan	6.4	4.3	11.1	1.7	7.1	−2.8†	−3.8†	−7.4†	−7.6†	−7.4†
Canada	2.8	8.0	10.3	2.4	5.1	1.0	1.8	−2.3	−1.8	−2.7

* Current and capital expenditure plus transfer payments except in the case of Japan (public consumption and investment only). Increase in nominal terms divided by the GNP price deflator. † Includes public enterprises.

Exchange rate movement aids U.S. trade

BY MARY CAMPBELL

THE SHARP exchange rate movements in the past year have caused a further deterioration in the competitive position of Japan and Switzerland in international trade while enabling the U.S. to further improve its position.

The Bank for International Settlements reaches this conclusion in an analysis which has not hitherto been a feature of its annual reports, and in which it particularly compares trends in relative unit labour costs with trends in effective exchange rates.

Germany, Britain and Italy are quoted as the major examples of countries in which larger movements of effective exchange rates have been accompanied by little change in competitive positions.

The analysis chronicles the changes in competitive positions since 1971. In the case of the U.S., the bank says, a spectacular improvement of the international competitive position occurred as a result of the 197-73 deprecia*tion of the dollar, but the subse*quent maintenance of the competitive advantage did not prevent the surplus from disappearing in 1976 and being replaced by a $20bn deficit last year. This in turn led to a further depreciation of the dollar and strengthening of the U.S. competitive position from late 1977 onwards.

The exception

In Japan, the deterioration in the competitive position in 1971-1973 was resumed last year, after the turnround in the *balance of payments from heavy* deficit to surplus.

In both the U.S. and Japan, the changes in competitive positions were considerably less if measured by movements of industrial wholesale prices and export unit values than in terms of unit labour costs. This meant that profit margins fared better in the U.S. than elsewhere, while in Japan they fared worse.

The main lesson the bank draws from this analysis is that if before 1971 too little use was made of the exchange rate as an instrument of adjustment, too much has *sometimes* been expected of it since then.

"The effects of exchange rate movements have been overlaid by other factors: where no change in competitive positions has come about, by the absence of adequate domestic adjustment policies; *where the competitive* position has improved but the balance of payments remains in substantial disequilibrium, by . . . differences between countries in the levels of domestic demand: structural factors such as the degree of export orientation: and lagged responses to relative price changes—the so-called J-curve effects

Capital movements "instead of stabilising the exchange markets have often added to the exchange market effects of current account imbalances."

The bank quotes as an exception here those members of the European joint float who have "fairly rapidly turned the markets in their favour by a combination of vigorous domestic measures and exchange market intervention."

The bank notes that there was a sharp increase in effective international liquidity last year. This is attributed to the U.S. deficit's leading to an increase in reserve holdings by other central banks which was not matched by an increase in indebtedness. "The effects on the international monetary system of last year's reserve creation were destabilising, either potentially or actually, while the question of the asset composition of reserve creation has once more been raised.

Noting that the change from the Bretton Woods system of par values has not cut back countries' demand for reserves as much as had been expected, the bank says that last year's experience has reinforced earlier doubts as to whether this increasing demand for reserves can, consistent with the maintenance of reasonable stability on the exchange markets, be met simply through additions to dollar reserves.

With gold no longer an element in researve growth, the choice appears to lie between the special drawing right and the use as reserves of currencies other than the dollar.

The bank sees the future of the special drawing right as long-term rather than short-term and implies that a further increase in holdings of currencies other than the dollar is likely—an increase which already has been considerable in absolute terms, but small in proportion to overall growth.

The concern

At the same time it notes several objections to the increased holdings of other currencies. From this it therefore draws the conclusion that "since *there is no alternative to the* dollar as the principal reserve asset, appropriate steps should be taken to restore full confidence in it by cutting the U.S. payment deficit and by building up reserve assets in the U.S.

On the other hand, it notes that "a strengthening of the dollar may not be enough to ensure that all future reserve needs will be adequately met. It may need to be supplemented in due course by the expansion of the reserve function of other assets if countries' preferences as regards the composition of their reserves are to be met.

In other words, it may not be realistic to demand a strong dollar and, at the same time, pursue policies aimed at keeping the dollar as virtually the only element in reserve growth."

In spite of the continuity of growth, 1977 was in some respects a year of transition and change, the bank notes in its *regular annual commentary on* the international credit and capital markets.

At the end of 1976 there had been concern, essentially of a prudent nature, about the banks' exposure in balance of payments financing and the soundness of the financial position of the *debtor countries. By the end of* 1977 the focus of concern had shifted to macro-economic questions—notably the role of the *international financial markets in* exchange rate volatility and international liquidity creation.

The report chronicles the conversion of the less developed countries last year from net borrowers from the international banking system to net depositors with it—a development which it had reported in its earlier quarterly analyses.

The annual report also notes the improvement in the current *account position of many of the* developed countries outside the group of ten—countries which have been heavy borrowers from the banks in the past year.

A *final factor it notes is* a sharp slowdown in the lending by U.S. banks and their replacement by banks from other countries as the major source of new international bank lending last year.

All these developments are *closely connected with the sharp* deterioration in the U.S. balance of payments and the declining surplus of OPEC countries.

On the one hand, these developments reduced the demand for balance of payments finance and, on the other, they increased the supply of funds available for international lending.

While these two developments increased the supply of funds, these were absorbed by increased demand because some countries remained in deficit, while others wanted to build up their reserves. In addition hedging operations and outright speculative activities connected with exchange rate uncertainties tended to boost the supply of and demand for Euro-currency funds, particularly in the second half of the year.

Forty-eighth annual report, Bank for International Settlements, Basle.

CONSUMER PRICES

Countries	Annual averages		Twelve months ending					
	1965–69 %	1969–73 %	Dec. 1974 %	Dec. 1975 %	Dec. 1976 %	June 1977 %	Dec. 1977 %	April 1978 %
United States	3.8	4.9	12.2	7.0	4.8	6.9	6.8	6.5†
Canada	4.0	4.6	12.5	9.5	5.8	7.8	9.5	8.4
Japan	4.9	7.5	22.0	7.7	10.4	8.5	4.8	4.5†
Germany	2.2	5.3	5.9	5.4	3.9	4.0	3.5	2.9
France	4.0	6.1	15.2	9.6	9.9	10.2	9.0	9.2†
United Kingdom	4.1	8.0	19.2	24.9	15.1	17.7	12.1	7.9
Italy	2.1	3.6	25.3	11.1	21.8	20.0	14.9	12.5†
Austria	3.6	5.7	9.7	6.8	7.2	5.9	4.6	3.9
Belgium	3.4	5.2	15.7	11.0	7.6	7.8	6.3	5.3
Denmark	6.4	6.4	15.5	9.6	13.1	10.8	12.2	12.2†
Finland	5.0	6.9	16.9	18.1	12.3	14.6	11.9	10.5*
Netherlands	5.1	6.7	10.9	9.1	8.5	6.7	5.2	4.6†
Norway	3.6	7.9	10.5	11.0	8.0	8.7	9.1	8.2
Spain	4.9	8.4	17.9	14.1	19.8	22.3	26.4	22.0†
Sweden	3.8	6.8	11.6	5.9	9.6	11.9	12.7	12.5
Switzerland	3.4	6.4	7.6	3.4	1.3	1.8	1.1	1.4

* February. † March.

£10m urban aid approved

Urban aid has been approved on new schemes worth £10m in towns and cities with special social needs. The aid is part of the £26m available under the urban programme for new projects to start this year and is in addition to the £16m for schemes submitted by the seven inner city partnership areas.

About £6m will go on capital projects, £2m on the running costs of capital projects and £2m on non-capital projects. Voluntary organisations will run 180 projects worth about £3.8m—their highest total yet in real terms under the urban programme.

Prop. & Reversionary tops £1m

REFLECTING the more healthy state of the property market, taxable profit of Property and Reversionary Investment Corporation rose 21 per cent to £1.08m for the year to March 31, 1978.

At the interim stage, when reporting an advance from £469,000 to £504,000, Mr. A. Rubens, chairman, changed his earlier forecast, that full year profits would show some £100,000 improvement, and said that they *would top the £1m* mark.

He now says that the current year should finish some 10 per cent in front.

Two main features of the year under review were gross rents up from £1.27m to £1.47m and net rents ahead from £1.08m to £1.21m.

Earnings per 25p share are given at 8.2p (7p) and the final dividend payment is 3.18p net for a 5.18 (4.66p) total.

The annual review of property as at March 31, 1978, discloses an increase in value of 21.4 per cent over the previous year. An analysis by class and location shows: Offices £14.74m (£12.26m); shops £7.81m (£6.04m); industrial £2.69m (£2.47m); building sites, residential, etc., £0.32m (£0.28m). The value of properties purchased during the year (industrial) amounted to £1.1m.

The Solartron works at Farnborough, Hampshire, comprising 18 acres of industrial land with 250,000 sq ft of modern buildings including 80,000 sq ft of offices and laboratories let on long lease to Solartron, a subsidiary of Schlumberger, was bought.

The interest conveyed to the company was a 999-year lease at a fixed ground rent of £1.05. For technical reasons the vendors were unwilling to convey the freehold but have stated that they will do so at a future date.

Part of the land at Farnborough is undeveloped and plans are being prepared for the construction of additional industrial space of about 44,000 sq ft.

As to the remainder of the portfolio a certain amount of refurbishment was carried out *during the year and several* schemes for redevelopment which were abandoned in 1973 are being examined and revised.

The net asset value at March 31, 1978, was equivalent to 430p per share showing a rise of 25 per cent since last year.

The accounts carry the auditors qualificats that *no provision* is made for tax which would arise if properties were sold. The amount of the contingent liability has not been quantified.

A statement of source and application of funds shows a £760,000 decrease (£90,000 increase) in working capital.

The AGM of the company will be held at Albany House, SW on July 11 at noon.

	1977-78 £	1976-77 £
Profit before tax	1,081,609	892,491
Tax	503,536	398,714
Profit after tax	578,073	493,777
Minority interests	1,201	1,160
Extraordinary items	*14.536	—
Available	576.872	492.616
Dividends	366.808	318.463
Retained	210.064	174.153

* Profits on disposal of investment properties. Transfered to capital surplus.

Statement, Page 33

RESULTS AND ACCOUNTS IN BRIEF

G T ASIA (STERLING) FUND—Net income £53,356 for six months to March 31, 1978. Net assets £4,011,621. Redemption price of participating redeemable preference shares at March 31 £12.31 and issue price £13.09. No dividend (same).

BELGRAVE (BLACKHEATH) (Manufacturer of steel forgings and nuts and bolts)—Results for the year to January 31, 1978 reported April 28. Group fixed assets £1.74m (£1.32m). Net current assets £1.31m (£1.08m). Meeting, Birmingham, on July 4, at noon.

CANADIAN AND FOREIGN INVESTMENT TRUST—Results to March 31, 1978, previously reported. Quoted UK investments £5.85m (£4.94m), overseas £3.91m (£4.1m). Unquoted £0.25m (£0.19m), cash on deposit £1.26m (£109,000), currents assets £0.14m (£0.28m), current liabilities £0.9m (£0.9m). Income performance will be influenced by timing of investment of cash in UK equities. Meeting, 9, Bishopsgate, EC, July 4, at noon.

CATER RYDER AND CO.—Results year to April 30, 1978, already known. Current assets £438.8m (£403.3m), current liabilities £423.3m (£393.8m), bills discounted £266.7m (£280.7m), CODs £133.6m (£68.78m), gilts £6.1m (£15.57m), loans £411.1m (£380.9m). The company has continued to develop connections overseas and outside the banking sector and has met with considerable success. It is also actively engaged in business with an increasing number of foreign banks in London. Meeting, 1, King William Street, EC, on July 5, at 12.30 pm.

COMMERCIAL BANK OF THE NEAR EAST—Dividend 25p net per £5 share for 1977. Profit for year after tax £93,168 (£47,913).

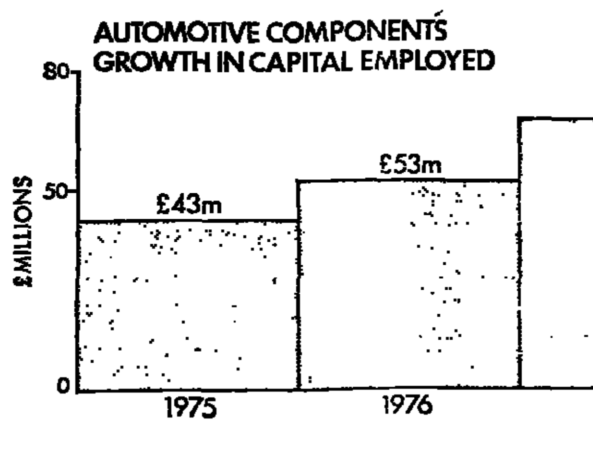
DALBEATTIE FINANCE CO.—Final dividend for year to March 31, 1978, is 1.4p net, making total 2p (1.5p). Turnover £1,294,525 (£1,858,315). Interest and rentals £623,721 (£445,794). Administration and general expenses £58,371 (£47,431). Auditor's remuneration £2,050 (£1,250). Directors' fees £50 (£50), pension scheme contributions £3,900 (£2,962) and other emoluments £38,702 (£26,871). Interest charges £207,801 (£205,842). Depreciation of fixed assets £169,423 (£73,752). Profit £143,434 (£87,736) before tax of £21,450 (£49,672 credit). Extraordinary items £760 (£57,298). Unappropriated profits brought forward £306,702 (£132,878). Available £427,918 (£327,525). Dividends £27,766 (£20,823). Group fixed assets £836,639 (£358,717). Net current assets £1.71m (£1.68m). The company is "close." Meeting: Dalbeattie on July 3 at 6.30 pm.

DOWNIEBRAE HOLDINGS (Ingot manufacture and metal merchanting)—Results for 1977 reported June 3. Group fixed assets £803,561 (£789,508) net current assets £1.19m (£1.81m). Net liquidity up £68,388 (down £732,809). Inflation adjusted profit £35,000 higher with £115,000 stock adjustment and after £80,000 extra depreciation and gearing. Compensation to director for loss of office £5,000. Meeting, Glasgow, June 29, noon.

GLOBE AND PHOENIX GOLD MINING COMPANY — Rhodesian fixed assets R$1.61m (R$1.85m), UK current assets £130,177 (£109,839). UK current liabilities £39,267 (£40,998). Rhodesian net current assets $429,915 ($752,407). Phoenix Mining and Finance owns 31.30 per cent of shares, and African Lakes Corporation owns 7.56 per cent. Meeting, 100, Old Broad Street, EC, June 30, at 11.05 am.

THE NARBOROUGH (F.M.S.) RUBBER ESTATE—First interim of 7 per cent per share less Malaysian Tax of 40 per cent and UK Tax of 34 per cent for the year ending June 30, 1978. Payable June 30, to holders registered at the close of business on June 23, 1978.

W. WILLIAMS AND SONS (HOLDINGS) (die-casters and founders)—Results for 1977 reported May 5. Group fixed assets £1.63m (£1.8m), net current assets £1.16m (£1.04m). Decrease in cash and bank £0.13m (£0.34m). Improved result for 1978 predicted. Meeting, Cardiff, July 10, at 2.30 pm.



INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Safeco tries to pull out of two high-risk states

BY DAVID LASCELLES

NEW YORK, June 12.

IN A WRANGLE that symptomises the problems facing the U.S. insurance industry, one of the major property and casualty companies, Safeco, is trying to pull out of underwriting car and home risks in the States of New Jersey and New York, because it says business is unprofitable. But the State authorities, who exercise tight control over the insurance industry, are trying to block the move on the grounds that it would violate policyholders' rights.

New York has already rejected outright Safeco's request to surrender its operating licence, and the New Jersey State authorities are due to hold hearings on the matter later today.

Safeco, the 20th largest U.S. insurance company, based in Seattle, said in announcing its withdrawal plans that it had lost over $18m in the two States in the past nine years, and expected to be losing $15m a year by 1988 if present trends continue. Most of these losses were accounted for by car insurance.

The irony behind the announcement is that, after several lean years, the U.S. insurance industry as a whole finally broke back into profitability last year, thanks to a rise in premiums sanctioned by the State insurance authorities. However, both New York and New Jersey are high-risk States and it is generally accepted that insurance companies find it hard to make much of a profit there.

But Safeco's move comes at a time of growing public debate over whether or not people have a "right" to insurance. The companies, obviously, say that no such right exists, and they argue that attempts to enforce any supposed rights only undermine the insurance industry. The public, on the other hand, enjoys the backing of most State authorities in arguing that everyone should have fair access to insurance coverage.

It was on these grounds that New York rejected Safeco's application to pull out. An announcement from the State Commissioner's office said that the action was "in violation of applicable New York State insurance law, and violated both the contractual and statutory rights of policyholders."

Although New Jersey has yet to decide on the matter, the auguries for Safeco are not good. Only last month, the State won a court ruling barring another insurance company, Nationwide, from pulling out of the car insurance business.

Both Safeco and Nationwide have announced their intention to appeal against State rulings, and the issue is therefore certain to get a full airing in the Federal courts.

ITT discussing sale to Heinz

BY OUR OWN CORRESPONDENT

NEW YORK, June 12.

International Telephone and Telegraph and H. J. Heinz confirmed today that they were holding talks about the possible purchase by the food company of certain of ITT's European food-processing subsidiaries. Neither company would elaborate on the announcement, on the grounds that negotiations were still at an early stage.

ITT currently owns food companies in the Benelux countries, West Germany, France and Britain. It would not say which companies were involved, though it stressed that food companies outside Europe were definitely beyond the scope of the talks.

The large international conglomerate's decision to sell, which comes at a time of changing leadership, appears to fit into a broad strategy aimed at reducing the company's involvement in Europe, which it sees as an area of low growth and high government interference. The decision appears to be less influenced by a desire to pull out of the food industry as such. In fact, ITT reported last year that its food products division had turned profitable again after a period of losses.

As far as Heinz is concerned, the news comes as something of a surprise. The large food company recently acquired two U.S. food makers, Foodways National and Weightwatchers International in what was seen as a major move to strengthen its position in the U.S. market. At the time, Heinz was also reported to be taking a hard look at its European operations in view of the economic situation there.

Peak third quarter at Gelco

BY OUR FINANCIAL STAFF

MANCHESTER, June 12.

GELCO CORPORATION reports that it achieved new highs in revenues and earnings for the third quarter and nine months ended April 30.

Earnings before currency gains or losses for the third quarter were $5.2m or 76 cents per primary share, on revenues of $84.8m. This compares with earnings before currency gains or losses for the same period a year earlier of $3.9m or 67 cents per share, on revenues of $53.8m.

None month earnings before currency gains or losses were $15.5m or $2.45 per share, on revenues of $229.5m compared with earnings before currency gains or losses of $11.1m or $1.90 per share, on revenues of $53.8m.

Nine month earnings before of $660,000 or 11 cents.

Nine month net earnings, after a currency loss of $2.5m or 40 cents, were $13.0m or $2.05 compared with $9.4m, or $1.61, after a currency loss of $1.7m, or 29 cents per share.

Earnings for the third quarter after a foreign currency loss of $215,000 or 2 cents per share, were $5.0m, or 74 cents. This compares with $3.3m or 56 cents per share, after a currency loss of $660,00, or 11 cents.

Mr. N. Bud Grossman, the chairman and president, said the market for Gelco's management services both in the U.S. and abroad continues to expand.

"We expect this growth in demand to continue during the fourth quarter and beyond," Mr. Grossman said.

Third quarter currency losses, realised and unrealised, declined substantially from the previous quarter because of the dollar's strengthening.

Gelco's European operations include the UK branch of Gelco International Corporation and the Transport International Pool division with fourteen branches in the UK and nineteen on the Continent. Gelco International provides leasing and transportation services for car and truck fleets for clients in Europe. T.I.P. which is the world's largest over-the-road trailer rental company has a fleet of over 8,000 trailers domiciled in their European branches.

Uniroyal sells footwear unit

NEW YORK, June 12.

UNIROYAL has signed a letter of intent to sell its U.S. footwear business to a newly-formed group headed by Oxalaga International Enterprises. The purchase price was not disclosed, but the payment is to be guaranteed by major New York banks.

The agreement gives the purchasing group the worldwide rights to Uniroyal's American brand names, including Keds, Pro-Keds, Grasshoppers, Sperry-Topsider and Royal Red Ball Footwear. The purchaser would also acquire Uniroyal's footwear plant in Dublin, Georgia.

Uniroyal said that the move to sell its U.S. footwear operations stemmed from the company's decision to concentrate its growth in other segmets of its business.

The sale of the U.S. footwear business does not involve golf and golf clothing products or footwear manufactured and distributed by Uniroyal in Latin America, Europe, and the Far East, and other products in Uniroyal's leisure sport and other business segment. However, Uniroyal's sport and industrial clothing would be included in the sale.

The company will continue to manufacture footwear at its plant in Thomson, Georgia, for the purchasing group, and has plans to use the plant in the future for the manufacture of products other than footwear.

AP-DJ

Approval for $1.5m Merrill proposal

NEW YORK, June 12.

A FEDERAL judge approved settlement of a $1.5m class action suit brought against Merrill Lynch Pierce Fenner and Smith by holders of Scientific Control Corporation stock.

As previously reported, the settlement involving the nation's largest securities firm, a unit of Merrill Lynch, was proposed to the court last September.

The settlement fund is to be shared by persons who bought Scientific Control stock from Merrill Lynch between March 1, 1968, and November 21, 1969. The fund will actually amount to only $1m after disbursement of some $500,000 legal fees to five law firms.

Scientific Control, a Dallas-based computer concern filed for bankruptcy in 1969.

AP-DJ

Sperry Rand optimism

Sperry Rand Corporation said that large backlogs and strong order trends in its major businesses support optimism for fiscal 1979, despite the fact that major world economies will not be robust this year, reports Reuter from New York. The annual report also said Sperry Rand will continue its special emphasis on computer business because of the computer industry's extraordinary potential.

Continental Illinois

Continental Illinois Corporation, parent of Continental Illinois National Bank and Trust of Chicago, filed a registration statement with the Securities and Exchange Commission covering the proposed public offering of 3m shares of common stock, reports Reuter. Proceeds will be added to general company funds. Merrill Lynch Pierce Fenner and Smith and Goldman Sachs will manage the underwriting group which will make the offering in late June or early July.

Unturn at Akzona

Akzona expects "substantial" increases in sales and earnings this year, said Mr. Claude Ramsey, the chairman and president, reports AP-DJ. "Barring unforeseen developments" during the second half, year-end earnings for the diversified fibre producer may double from last year's net income of $7.5m or 6 cents a share. Sales may reach about $900m, up from $808m last year.

Citation in talks

Citation Incorporated said it is engaged in separate discussions with two unrelated parties concerning possible acquisition of Citation, reports AP-DJ from Grand Rapids. The company said it was not aware of any unfriendly takeover attempt. Merger talks are continuing with both parties, but "it is premature at this time to speculate whether a formal proposal might be made by either of the two parties."

Telephone merger

Continental Telephone and Indiana Telephone have completed the merger of Indiana Telephone into the Continental system, AP-DJ reports from Atlanta. The agreement involved the exchange of 3,456,115 shares of Continental common for all of Indiana's outstanding common. The value of Continental stock involved is about $55m.

Allegheny sells off former Chemetron division to Bayer

BY JOHN WYLES

NEW YORK, June 12.

ALLEGHENY LUDLUM'S strenuous attempts to pare down its debt burden has resulted in the sale to West German's Bayer AG of a division of Chemetron Corporation which was acquired for $210m six months ago.

The sale is the third divestiture which Allegheny has made this year in its bid to reduce a long-term debt burden which was more than doubled to $377m by the acquisition of Chemetron. Allegeney's decision to sell Chemetron's dye and pigment producing division fitted neatly with Bayer AG's ambitious expansion plans for the U.S. The company has spent more than $550m in the last four years building a chemicals and pharmaceuticals business here as part of a strategy aimed at reducing its vulnerability to the high costs of production in West Germany and the steady appreciation of the West German mark.

Neither company would disclose the price which Bayer had agreed in principle to pay, but informed speculation points to a figure close to $50m. Mr. John Buckley, Allegheny's chairman, has previously indicated that he had found more than one bidder willing to pay "well over book value" for the business.

Since he bought Chemetron for a sum which he acknowledged to have been nearly twice the right price, Mr. Buckley has been attempting to hive off some of the company's assets. Its industrial gas business has been swapped for a one-third ownership of Liquid Air Corporation of North America, which has annual sales of $350m and its loss-making tube turns division has been cut back and absorbed into Allegheny's special steel activities. In addition, Mr. Buckley is seeking a buyer for Chemetron's facilities producing phosgene, a gas used in pesticides. The indicated price for that operation is around $35m.

Allegheny, whose other major acquisition this year has been the purchase of a 44 per cent stake in Britain's Wilkinson Match, has also sold off Jacobsen Manufacturing a producer of tractors and lawn mowers, to Textron for a rumoured $50m.

Under Mr. Buckley's leadership, Allegheny is committed to reducing its dependence on special steels production, whose share of total earnings has dropped from 56 per cent in 1976 to 44 per cent last year. However, some analysts have questioned the speed with which the company is pressing ahead with diversification because of the pressure on its balance sheet.

Petro-Canada planning offer for Husky Oil

BY ROBERT GIBBENS

MONTREAL, June 12.

THE CANADIAN National Oil Company Peto-Canada is proposing to gain control of Husky Oil of Calgary from its U.S. owners. Petro-Canada this morning revealed that it plans to make an offer to buy all the outstanding common shares of Husky, both publicly and privately held. It would not reveal any details of price.

However, the last annual report showed that there were nearly 11m Husky shares outstanding, giving a market valuation of the company of nearly C$400m. The stock was halted on the Canadian Stock Exchanges last Thursday after rising 7 points in a short period to $35¼.

Directors of Husky are expected to meet later today to consider the offer.

Petro-Canada also said it would make a further announcement before the opening of stock markets at 10 a.m. on Tuesday. In Ottowa no immediate statement was available.

Husky is a major Western Canadian oil and gas producer, with strong links with the northern tier states market.

The announcement of Petro-Canada's intention to bid for Husky comes at a time when Husky's assets are being assessed by another possible bidder, consisting of a group of Canadian companies.

CIAE compensation terms

BY JOHN WICKS

A SUM of $93m is to be paid as compensation to shareholders of the Argentine Electricity Company CIA Italo-Argentina de Electricidad (CIAE) on its nationalisation. The major single shareholder is Swiss company Motor Columbus, while several thousand smaller shareholders are also based in Switzerland.

The decision, which follows years of negotiation, is below Swiss expectations and the figure which would have arisen from an original, though controversial, clause in the concession agreement. The $93m will be paid over an 11-year period, with five years' grace for the Argentine Government.

CIAE supplies electricity to wide areas of Buenos Aires and the provinces. The Argentine presidency said the nationalisation followed repeated CIAE warnings that it aimed to cease operations.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	[illegible]	[illegible]
AMEV 8pc 1987	96	[illegible]
Australia 8½pc 1992	[illegible]	[illegible]
Australian M. & S. 9½pc '92	[illegible]	[illegible]
Barclays Bank 8pc 1992	[illegible]	96
Bowater 9½pc 1992	[illegible]	[illegible]
Can. N. Railway 8½pc 1986	[illegible]	[illegible]
Credit National 8½pc 1986	96	[illegible]
Denmark 8½pc 1984	[illegible]	99
ECS 9pc 1993	[illegible]	100
ECS 8½pc 1997	[illegible]	[illegible]
EIB 8½pc 1992	[illegible]	[illegible]
EMI 9½pc 1989	[illegible]	99
Ericsson 8½pc 1989	96	[illegible]
Esso 8pc 1986 Nov.	100	[illegible]
Gt. Lakes Paper 8½pc 1984	[illegible]	[illegible]
Hamersley 9½pc 1992	[illegible]	[illegible]
Hydro Quebec 9pc 1992	[illegible]	[illegible]
ICI 8½pc 1987	96	[illegible]
ISE Canada 9½pc 1986	[illegible]	[illegible]
Macmillan Bloedel 9pc 1992	[illegible]	95
Massey Ferguson 9½pc 1991	[illegible]	[illegible]
Michelin 9½pc 1988	[illegible]	[illegible]
Midland Int. Fin. 8½pc 1992	95	[illegible]
National Coal Bd. 8pc 1987	93	[illegible]
National Westminster 9pc 1986	[illegible]	[illegible]
Newfoundland 9pc 1989	[illegible]	[illegible]
Nordic Inv. Bank 8½pc 1988	[illegible]	[illegible]
Norges Kom. Bk. 8½pc 1992	96	[illegible]
Norpipe 8½pc 1989	[illegible]	[illegible]
Norsk Hydro 8½pc 1992	[illegible]	[illegible]
Oslo 9pc 1988	[illegible]	[illegible]
Ports Autonomes 9pc 1991	96	[illegible]
Prov. Quebec 9pc 1995	[illegible]	94
Prov. Saskatch. 8½pc 1986	95	[illegible]
Reed International 9pc 1987	[illegible]	[illegible]
RHM 9pc 1992	[illegible]	94
Selection Trust 8½pc 1989	91	[illegible]
Skand. Enskilda 8pc 1991	[illegible]	[illegible]
SKF 8pc 1987	[illegible]	[illegible]
Sweden (K'dom) 8½pc 1987	95	[illegible]
United Biscuits 9pc 1989	98	[illegible]
Volvo 8pc 1987 March	93	[illegible]
NOTES		
Australia 7½pc 1984	94	[illegible]
Bell Canada 7½pc 1987	[illegible]	[illegible]
Br. Columbia Hyd. 7½pc 1985	91	[illegible]
Can. Pac. 8½pc 1984	[illegible]	[illegible]
Dow Chemical 8pc 1986	[illegible]	[illegible]
ECS 7½pc 1982	[illegible]	[illegible]
ECS 8½pc 1989	[illegible]	[illegible]
EEC 7½pc 1982	[illegible]	[illegible]
EEC 7½pc 1984	[illegible]	[illegible]
Enso Gutzeit 8½pc 1984	[illegible]	[illegible]
Gotaverken 7½pc 1982	[illegible]	97
Kockums 8pc 1983	[illegible]	[illegible]
Michelin 8½pc 1983	[illegible]	[illegible]
Montreal Urban 8½pc 1981	99	[illegible]
New Brunswick 8pc 1984	[illegible]	[illegible]
New Bruns. Prov. 8½pc 1983	[illegible]	[illegible]
New Zealand 8½pc 1986	[illegible]	[illegible]
Nordic Inv. Bk. 7½pc 1984	[illegible]	[illegible]
Norsk Hydro 7½pc 1982	93	[illegible]
Norway 7½pc 1982	[illegible]	[illegible]
Ontario Hydro 8pc 1987	94	[illegible]
Singer 8½pc 1982	[illegible]	[illegible]
S. of Scot. Elec. 8½pc 1981	[illegible]	[illegible]
Sweden (K'dom) 7½pc 1982	[illegible]	[illegible]
Swedish State Co. 7½pc '82	[illegible]	[illegible]
Telmex 9½pc 1984	[illegible]	[illegible]
Tenneco 7½pc 1987 May	[illegible]	[illegible]
Volkswagen 7½pc 1987	[illegible]	[illegible]
STERLING BONDS		
Allied Breweries 10½pc '90	[illegible]	[illegible]
Citicorp 10pc 1993	[illegible]	[illegible]
Courtaulds 9½pc 1989	[illegible]	[illegible]
ECS 9½pc 1989	[illegible]	[illegible]
EIB 9pc 1988	[illegible]	[illegible]
EIB 9½pc 1992	[illegible]	[illegible]
Finance for Ind. 9½pc 1987	89	90
Finance for Ind. 10pc 1989	[illegible]	[illegible]
Fisons 10½pc 1987	[illegible]	[illegible]
Gestetner 11pc 1988	[illegible]	[illegible]
INA 10pc 1988	90	91
Rowntree 10½pc 1988	87	[illegible]
Sears 10½pc 1988	[illegible]	[illegible]
Total Oil 9½pc 1984	[illegible]	[illegible]
DM BONDS		
Asian Dev. Bank 5½pc 1988	[illegible]	[illegible]
BNDE 6½pc 1986	[illegible]	[illegible]
Canada 4½pc 1983	95	[illegible]
Den Norske Id. Bk. 6½pc '90	[illegible]	[illegible]

	Bid	Offer
[illegible] 11pc 1985	[illegible]	[illegible]
ECS 9pc 1998	[illegible]	[illegible]
EIB 9½pc 1990	[illegible]	[illegible]
EIF Aquitaine 9½pc 1988	[illegible]	[illegible]
Euratom 9pc 1987	[illegible]	[illegible]
Finland 9pc 1983	[illegible]	[illegible]
Forsmarks 9½pc 1990	[illegible]	[illegible]
[illegible] 8pc 1983	99	[illegible]
[illegible] 9pc 1989	[illegible]	[illegible]
Norway 8½pc 1983	[illegible]	100
Norway 8½pc 1982	97	[illegible]
PK Banken 9pc 1988	[illegible]	[illegible]
Prov. Quebec 9pc 1993	97	[illegible]
[illegible] 9pc 1992	95	[illegible]
Spain 9pc 1988	96	[illegible]
Trondheim 9pc 1988	[illegible]	97
TVO Power Co. 9pc 1988	[illegible]	98
Venezuela 9pc 1988	[illegible]	[illegible]
World Bank 9pc 1990	98	99
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	[illegible]	[illegible]
BFCE 1984 8½pc	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
BQE Worms 1985	[illegible]	[illegible]
CCF 1985 8½pc	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	100
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Int. Westminster 1984 8pc	[illegible]	[illegible]
Lloyds 1983 [illegible]	[illegible]	[illegible]
LTCB 1983 8pc	[illegible]	100
Midland 1987 [illegible]	[illegible]	[illegible]
Nat. Westminster Bk. 1990	[illegible]	[illegible]
OKB 1983 7½pc	[illegible]	[illegible]
SNCF 1985 [illegible]	[illegible]	[illegible]
Stand. and Chrtd. '84 8½pc	[illegible]	[illegible]
Wms. and Glyn's '84 [illegible]	[illegible]	[illegible]

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	86	[illegible]
Ashland 5pc 1988	[illegible]	[illegible]
Babcock & Wilcox 6½pc '97	[illegible]	[illegible]
[illegible] 1992	[illegible]	99
[illegible] 1992	107	109
[illegible] 1992	96	97
Borden 5pc 1992	[illegible]	[illegible]
Broadway Hale 4½pc 1987	77½	79
[illegible]	77	[illegible]
[illegible] 1988	[illegible]	[illegible]
[illegible]	[illegible]	81
[illegible]	[illegible]	[illegible]
[illegible] 1987	[illegible]	[illegible]
[illegible] 1988	[illegible]	[illegible]
[illegible] 1988	[illegible]	90
General Electric 4½pc 1987	[illegible]	[illegible]
[illegible] 1987	77	[illegible]
Gould 5pc 1987	[illegible]	[illegible]
Gulf and Western 5pc 1988	[illegible]	90
Harris 5pc 1992	[illegible]	[illegible]
Honeywell 6pc 1986	87	[illegible]
ICI 6½pc 1992	[illegible]	[illegible]
INA 6pc 1997	97	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] 1987	[illegible]	[illegible]
[illegible] 1992	[illegible]	[illegible]
[illegible] 1990	[illegible]	[illegible]
J. Ray McDermott 4½pc '87	[illegible]	[illegible]
[illegible] 1990	[illegible]	[illegible]
[illegible] 1990	[illegible]	[illegible]
J. P. Morgan 4½pc 1987	[illegible]	[illegible]
[illegible] 1988	[illegible]	[illegible]
Owens Illinois 4½pc 1987	[illegible]	[illegible]
J. C. Penney 4½pc 1987	[illegible]	[illegible]
Revlon 4½pc 1987	[illegible]	[illegible]
Reynolds Metals 5pc 1988	[illegible]	[illegible]
[illegible] 1988	[illegible]	110
Sperry Rand 4½pc 1987	[illegible]	[illegible]
[illegible] 1987	[illegible]	[illegible]
[illegible] 1988	[illegible]	[illegible]
[illegible] 1992	[illegible]	[illegible]
Ty Co. 9pc 1984	77	[illegible]

Source: Kidder, Peabody Securities.

هكذا من الأصل

Another Catalan bank for Santander

By David Gardner

BARCELONA, June 12.

BANCO DE SANTANDER, the sixth largest of Spain's "big seven" national banks, has bought its second Catalan bank in a fortnight, after confirmation late Friday night that the sale of the Banco Commercial Espanol (BCE) had been authorised by the boards of Probimsa SA, which owns 80.5 per cent of the BCE equity, and of the Banco Industrial del Mediterraneao (BIM), Probimsa's major shareholder.

Santander last month bought the oldest of the Catalan family banks, Banca Jover, after approaches through a foreign intermediary. The BCE purchase has been closed at a similarly high price close to Pta 6bn ($75m) in both cases but followed direct negotiations between Santander president Sen. Emilio Botin and the chairman of BIM Sen. Martinez-Fortun.

The sale was preceded by rumours of disagreement on the BIM Board and reports in the Madrid Press that the deal had been contested through representations to the Bank of Spain, which alleged the prior existence of a firm contract thought to be with a Valencian savings bank.

Santander thus continues to take advantage of the tendency of the smaller commercial banks in the present economic climate to merge into larger units at the same time as it further reinforces its presence on Catalonia. Catalonia is Spain's most important industrial area and traditionally the region which generates the highest level of saving. Santander's recent acquisition of two Barcelona-based banks is undoubtedly the result of a valuation of the future profitability of having a Catalan shop window for its local operations in a regionally-conscious state likely to become increasingly decentralised.

Nearly 60 per cent of the price will be realised through an exchange of Probimsa for Santander shares, making Probimsa and therefore BIM, one of the three most important shareholders in Santander with the right to name a member of the Board.

On the surface, this resembles the process by which local or family-run banks have sold up in exchange for a major holding in a national bank, and has led to suggestions that BIM itself may soon merge with Santander, a possibility which BIM directors rule out.

An alternative interpretation is that Santander will merge the majority of BCE's 30-odd branches into its own operations while retaining the BCE licence for a possible sale to a foreign bank.

The BCE had approximately Pta 12bn in deposits at the time of its sale; while the BIM set up in 1972, has around Pta 25bn in deposits.

Higher profits needed to revive Swedish investment

BY WILLIAM DULLFORCE

STOCKHOLM, June 12.

THE PROFITABILITY of Swedish companies is still at a "critically low" level and a substantial increase in the return on invested capital is required to achieve a broad revival of investment activity in Sweden. So says Skandinaviska Enskilda Banken (SEB) in its June survey of the Swedish economic scene.

The combined return on capital of all companies listed on *the Stockholm Stock Exchange*, excluding banks, was almost nil last *year and 1978* will be another meagre year, according to SEB. *It estimates that the* combined net return after cost-calculated *depreciation* and taxes could recover to around SKr 1bn (*$217m*) *this year, but* the improvement would be due mainly *to the fact that some* companies making heavy losses, such as the steel works of *Graenges and Stora Kopparberg*, are no longer listed on the stock exchange.

The inadequacy of company profits is *highlighted by a* comparison with the rapid inflation *of the last few years*. In 1971, at the bottom of the previous *business recession*, Swedish companies still turned in net *profits of around SKr 2bn*. Adjusted to 1978 prices this figure *would* correspond to almost SKr 4bn.

Company profits this year will, therefore, probably be *only a* quarter of the level maintained during the 1971 recession, SEB argues. If State subsidies are deducted, earnings *would be even lower*. In view of the drastic reduction in both *profitability* and debt-equity ratios, the bank does not find it surprising that industrial invest*ment will plunge even further* downward this year.

SEB also comments on the monetary problems created by *the budget deficit*, which is expected to reach SKr 40bn or *10 per cent of GDP in 1978*. The Riksbank (Central Bank) will have to act to prevent the fast growth in the money supply from accelerating credit expansion and boosting prices. A large part of the increase in bank deposits will thus have to be placed in Government securities.

To achieve this, the Riksbank is likely to raise the banks' liquidity ratios further in the near future and, provided the krona remains stable on the currency markets, a further deduction in interest rates may be anticipated, SEB forecasts.

Astra optimistic as sales boom

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, June 12.

ASTRA, the Swedish pharmaceutical concern, increased sales *by 20 per cent to SKr 644m* ($140m) in the first four months compared with the corresponding period last year. No profit figure is given in the interim report, but managing director, Mr. Ulf *Widengren*, reiterates his previous forecast of a 14-20 per cent rise in sales to SKr 2-2.1bn for the year as a whole and profits in the SKr 130-140m bracket compared with last year's SKr 116m.

Exports are leading Astra's growth. Sales abroad increased by 26 per cent to SKr 400m in the first four months compared with a 10 *per cent growth in* Swedish turnover. Foreign markets accounted for three-quarters of the expansion in *pharmaceutical division* sales during the period.

Growth was lower in chemical products, where sales of consumer goods in Finland and Sweden developed more poorly than expected. The Varia division, which makes proteins, rust-preventive materials for the automobile business, and medical care products, boosted sales by 18 per cent to SKr 62m with the swiftest expansion coming in the U.S.

Expansion at Papyrus

By Our Nordic Correspondent

STOCKHOLM, June 12.

PAPYRUS, *the Swedish pulp*, paper and board concern, reports *pre-tax earnings of SKr 72m* ($15.6m) on a SKr 1.83bn (*$397m*) *turnover for the 13* months ending April 30. These *preliminary figures are not* directly comparable with any *previous period because of* Papyrus' expansion over the past *two years*.

The last account covered the 18-month period to March 31, 1977, during which Papyrus merged with Koparfors. It showed earnings of SKr 158m on sales of SKr 1.5bn.

The Board proposes to pay shareholders a dividend of SKr 2.90 a share on the 13-month 1977-78 account. This is almost exactly the same as the SKr 4 a share paid for the previous 18 months.

The pre-tax figure of SKr 72m includes minority shares of SKr 46m, an extraordinary net income of SKr 7.6m and state stock support of SKr 7.7m. Stock losses reduced the result by SKr 4.5m.

The operating income before depreciation was SKr 240m. Depreciation totalled SKr 111m and net financial costs came out at SKr 66m, a major increase over the previous account. The latest account includes the Hylte pulp mill, in which Papyrus increased its holding to 55 per cent during the 13-month period.

Slow first half at Solvay

BY A CORRESPONDENT

BRUSSELS, June 12.

SOLVAY, *the Belgium chemicals* group, is not particularly optimistic about the profits outlook for 1978 after a sluggish first half, and expects no marked increase *in business this year*.

Chairman M. Jacques Solvay told the annual meeting that the chemical industry still faces a future of low growth rates and overcapacity, while Solvay does not think there will be any overall economic recovery in 1978.

He said that he had a certain lack of enthusiasm for forecast*ing results for the current year*. Backing up the general picture *of gloom, M. Solvay revealed that* the *company's operations in* Belgium lost more than BFr 1bn *over the past three years includ*ing BFr 430m last year.

The usual problems for Belgian exporters of high domestic wage *and energy costs are blamed*, plus the strength of the Belgian *currency on almost all of its* exports markets. About half of Solvay's production in Belgium is exported directly and another *quarter indirectly in the form of* the finished products to its customers.

In 1977, Solvay's group profits *fell BFr 2.7bn from BFr 4.9bn*, while sales rose to nearly BFr 93bn from just under BFr 88bn. The dividend was maintained at *BFr 200*.

Nestle still biggest Swiss group

BY JOHN WICKS

ZURICH, June 12.

NESTLE LAST year remained far and away Switzerland's biggest company, with turnover of SwFr 20.09bn ($10.6m) according to a survey drawn up by the Zurich weekly, Schweizerische Handels-Zeitung. Next in the list were the Basle-based chemical concern, Ciba-Geigy, with SwFr 9.94bn, and the Baden engineering group, Brown Boveri, with SwFr 8.2bn. Other top industrial undertakings included the Hoffmann-La Roche chemical company with group sales of SwFr 5.48bn, Swiss Aluminium with SwFr 5.44bn and the Sandoz chemical group with SwFr 4.77bn.

Leading services concern was *the Migros retail and service co*operation, with 1977 sales of SwFr 7.23bn, *followed by the* Swiss Co-op with SwFr 5.13bn *and the forwarding agent and* transport company Danzas, with *SwFr 3.8bn*.

Top of the list in terms of last *year's cash flow was Hoffmann-La* Roche, with SwFr 1.51bn, fol*lowed by Nestle with SwFr 1.4bn* and Ciba-Geigy with SwFr 1.05bn.

Recovery plan for French paper concern

PARIS, June 12.

A THREE-PART *programme* designed to enable the French *paper and pulp concern Groupe*ment Europeen de la Cellulose *to recover its financial balance* has been unveiled.

The group has been severely affected by the fall in inter*national paper pulp prices*.

Firstly, its capital will be *raised by FFr 70m ($15.2m)* with the French industrial develop*ment institute (IDI)*, the Canadian group Macmillan Bloedel, Credit Agricole and the Belgian Societe Nationale d'Investissement (SNI) all contributing.

Secondly, a deferment of loan repayments and financial charges totalling FFr 201m has been obtained.

Finally, the group has been granted new loans and subsidies totalling FFr242m of which FFr 160m *are to come from the* French government's economic and social development fund.

Macmillan Bloedel, with 40 per cent of La Cellulose will be charged with managing the group.

AP-DJ

● Algemene Bank Nederland (ABN) has opened a new office in Riyadh, the Saudi Arabian capital. It also said that it has plans for a string of new offices in the country, writes Charles Batchelor in Amsterdam.

Accounting change boost for MAIBL

By Michael Blanden

MIDLAND AND INTERNATIONAL Banks (MAIBL), the oldest of the London-based *consortium* banks, *reports* net profits up from £2.89m to a *record* £3.84m *for* the year ended in March.

The profits have benefited from a change in the bank's accounting policy under which, as a move towards full disclosure, it has reduced the proportion of profits transferred to reserves before arriving at the published figures.

Nevertheless, *the record* results reflect a real increase *in earnings in spite of the* depressing effect of the exchange rate changes during the year and the impact of the pressures on lending margins.

Lord Armstrong, the chair*man, said that the results were* gratifying against the back*ground of the "continuing* difficult circumstances in international banking." The bank also stated that it was *moving* towards full disclosure of its figures—it is the only consortium bank which is exempt from disclosure—and transfers to inner reserves reflected this change in policy.

The chairman did not expect a *short-term improvement* in the highly competitive world*wide banking market. In his* statement he wondered "just *how far this competition* can drive margins downwards *before some yet to be identi*fied catalyst emerges to correct the trend."

London Interstate Bank, another London-based consortium bank, reported pre-tax profits down from £425,000 to £309,000. Mr. Ben S. Barnes, the chairman, said that the bank's performance improved in relation to net interest income and fees from loans. But the overall performance was affected by lower sterling interest rates and the weakness of the dollar.

Creusot-Loire deficit up tenfold on steel losses

BY ROBERT MAUTHNER

PARIS, June 12.

CREUSOT-LOIRE, the nuclear, heavy engineering and steel-making arm of the Empain *Schneider empire has announced* a net consolidated group loss of *FFr 222m ($48.4m) in 1977, a* tenfold increase on the previous *year's shortfall* of FFr 22.5m.

After depreciation totalling FFr 255m and net provisions of FFr 2m, cash flow generated last year amounted to FFr 35m. Given the unsatisfactory financial position of the group, no dividend will be distributed this year.

The group made a loss in spite *of an encouraging 23 per cent* jump in sales to FFr 10.56bn *from FFr 8.6bn the previous* year. Most of this improvement was accounted for by the heavy engineering and contracting *sector, whose turnover rose by* 42 per cent to FFr 5.8bn, while the sales of the ailing steel-making sector rose by no more than 5 per cent to FFr 4.68bn.

A company spokesman said that the group's heavy engineering and contracting activities were again expected to make a substantial profit in 1978, while steelmaking, which was responsible for this year's heavy loss, would *probably break even* this year.

The improvement in the steel-making sector was expected to take *place* in the absence of a general economic recovery, thanks to the effects of the EEC's Davignon plan and the radical rationalisation measures adopted by Creusot-Loire in 1976. Though the Davignon plan was currently in trouble, it had already led to *an increase* in prices this year *of 10 to 15 per cent*, the company pointed out.

The company's order books for *heavy engineering and steel pro*ducts are considered to be "*rela*tively *satisfactory*" at the moment. But Creusot-Loire is nevertheless cutting down its investments to a minimum. Though declining to give any precise figures, the company said that investments in 1978 would be substantially less than last year's FFr 300m, and that none of them would be devoted to increasing capacity. This year, as in 1977, a big proportion of new investment would be earmarked for energy-saving *equipment*.

Creusot-Loire's parent company also made a substantial loss of FFr 155m, after depreciation of FFr 88m.

BSN-Gervais Danone reverse

BY DAVID CURRY

PARIS, June 12.

A BAD YEAR in the drinks sector and the continued burden of the investment programme *in flat glass were the two main* factors behind a sharp reduction *in the consolidated profits last* year of BSN-Gervais Danone. *Attributable net profit was down* to FFr14m ($3m) from FFr46m *but the dividend is being lifted* from FFr25.20 to FFr27 which *means a final pay-out after a* tax bonus of FFr40.50 per share.

The company generates slightly over half its turnover—up by 9.6 per cent to FFr12.88bn last year—in the food and drink sector, with the remainder in flat glass and, mainly, glass packaging in the ratio of about two to one. The food and drink sector gained only 6 per cent in sales last year whereas packaging managed 8.8 per cent and flat glass a 9.8 per cent improvement.

The cold, wet summer held back the group's drinks sales, particularly of beer, for which the group, via Kronenbourg and Kantebrau, controls half the French market. In addition, a strike of more than a month in July at the Evian table-water subsidiary (turnover some FFr 350m) made the situation worse.

The group is undertaking a FFr 550m investment programme between 1970 and 1980 to convert its flat glass plants in the north of France to float. This has been weighing heavily on the group's finances. Investment last year topped FFr 1bn, against FFr 927m for 1976.

The flat glass market held up reasonably well, with the relative buoyancy of demand from the motor industry offsetting the continued depression in construction.

Finally, the imposition of Government price controls in 1977 prevented the group from increasing its prices by enough to meet higher costs. As with so many French companies, the overseas operations were able to recover their costs and to report better profitability than the French operations, although in the case of BSN there are important minority interests in its overseas companies.

● Banque Bruxelles Lambert will take a majority stake in Banque Louis Dreyfus SA, according to Louis Dreyfus et Cie, Reuter reports from Paris.

The Belgian bank will first buy minority holdings in Banque Dreyfus, which will give it around 40 per cent of the capital, and it will then subscirbe to a capital increase that will take Banque Louis Dreyfus capital to FFr 60m from FFr 49.7m.

After these two operations Bruxelles Lambert will hold 200,026 of the 400,000 shares, while Louis Dreyfus et Cie will hold the balance.

FOREIGN INVESTMENT IN INDIA

Drug houses lose their priority

BY R. C. MURTHY IN BOMBAY

FOREIGN pharmaceutical companies are classified separately from other foreign companies in India for purposes of the Foreign Exchange Regulation Act (FERA). Distinctions are also drawn within the drug industry, which was previously extended the most-favoured treatment under the Act, as an important industry, employing sophisticated technology.

The new policy put forward by Mr. H. N. Bahuguna, India's Minister for Petroleum and Chemicals, stipulates foreign equity retention of only 40 per cent (against 74 per cent allowed earlier) in companies producing formulations and bulk drugs not involving "high technology," since they are considered less essential.

The process under which drugs ceased to be treated as a priority industry began two years ago on the recommendation of a Government committee, headed by Mr. J. L. Hathi, a Minister in the Indira Gandhi Government. The panel, which was asked to recommend measures to ensure a "leadership" role to the public sector in the drug industry, had in fact suggested reduction of the foreign stake in drug companies to 26 per cent.

The elimination of foreign influence in general is an emotive issue and Parliament spends considerable time on the question of how to bring this about. But in the pharmaceutical industry it is of significance since 45 foreign companies out of a total of 250 or so, account for 40 per cent. of drug production in the country. Of the 45, seven are branches of multinationals. In 14 others, the foreign stake is more than 74 per cent. Taken by country, 18 of the 45 are American, 13 British, six Swiss and four West German.

Drug companies which will be affected by the new policy include: Abbott Laboratories (foreign equity 100 per cent), Burroughs Wellcome (100 per cent), Glaxo Laboratories (75 per cent), Indian Schering (88.7 per cent), May and Baker (100 per cent), Parke-Davis (83.3 per cent), Pfizer (75 per cent), Roche (89 per cent), Smith Kline and French (100 per cent), and Johnson and Johnson (75 per cent).

The Indian Government rejected earlier this year a recommendation that foreign drug companies operating in the country should be nationalised. But it called on those companies making "low" technology items to reduce their equity holdings to 40 per cent, in line with the Foreign Exchange Regulation Act which defines the framework for most foreign investments

A distinction for proposals of foreign disinvestments is made between pharmaceutical companies and other FERA companies. The reduction in foreign equity above 40 per cent. will have to be in favour of Government-owned drug undertakings and public financial institutions and the companies' own employees but not to the general public as stipulated for other FERA companies. A beginning has been made with Bayer India, which has been asked to allot additional capital, being raised to finance an expansion programme, to financial institutions and not to private shareholders, as was proposed earlier. Thus there will be the state sector, joint sector and Indian private sector in the pharmaceutical industry. Henceforth drug productino, which is to double in five years, will be mainly in the first two sectors.

Whether or not a particular bulk drug involves high technology is to be decided by an expert committee, comprising secretaries to three economic ministries of the Government and four outside experts. Since most drug companies are composite units producing bulk drugs and formulations as well as other consumer products, the minimum share of high technology bulk drugs in its total production has to be fixed for purposes of foreign equity dilution. The current thinking is to accord priority treatment (limiting the equity dilution to 74 per per cent) for companies the bulk drug production of which accounts for 60 per cent. of total output. The classification is a value judgment, despite guidelines, and the committee will be subject to pressures from interested parties for most-favoured treatment.

The new policy also bars the entry of foreign companies into the small-scale sector (defined in terms of a Rs1m investment in plant and machinery). This is done with a view to plugging the loopholes in the law created by Abbott's entry into India without an industrial licence a decade ago.

The government wants to provide drive to bulk drug production by setting a two-year deadline for existing pharmaceutical units to become self-sufficient. Henceforth, foreign companies will be given formulation licences only if they are linked with the production of high technology bulk drugs from the basic stage.

A controversial aspect of the drug policy is pricing. While the new principle of allowing a 12 per cent return on net worth (equity and free reserves) helps the industry to grow, the graded method of fixing the "mark-up"—the increase allowed over the cost of production to take care of marketing, sales promotion and profit—has come in for sharp criticism. For the first and second categories, out of the four into which all the formulations are divided, the mark-up is only 40 per cent and 55 per cent. For category three, comprising items like vitamins and cardio-vascular drugs, the mark-up is 100 per cent.

The new price formula will come into force a year hence, since the Government has chosen to freeze drug prices at the existing level for 12 months. Meanwhile, major drug companies have been asked to prepare profit profiles on the basis of their 1977 product-mix for the Governments' consideration. Marginal adjustments may be made in pricing in cases where a unit is likely to be driven into the red.

Industry circles foresee an era of vital drug shortage in India because drug companies are likely to move away from products falling in categories one and two, and go in for those with high profitability. The question is whether the public sector, on which the Government pins its hopes, will deliver the goods.

Profit setbacks for three ICI companies

BY P. C. MAHANTI

CALCUTTA, June 12.

THREE MAJOR manufacturing companies in the ICI group have published 1977 results — showing sales declines in two cases and a slight improvement in one. These companies are Indian Explosives, Chemicals and Fibres of India and Alkali and Chemical Corporation of India, which account for the best part of ICI's activities in this country.

The most serious decline has been reported by Indian Explosives, the company making fertilisers and commercial blasting explosives, because of reduced sales of urea fertiliser. The company's sales fell to Rs 9.46bn ($1.13bn) from the previous year's Rs 13.28bn. Pre-tax profits, however, rose to Rs 150m ($17.8m) from Rs 143.8m.

According to the directors' report the gain resulted mainly from savings following the switch to coal-fired boilers. A rise in income from the company's short-term investments also played a part.

Chemicals and Fibres of India's sales have fallen to Rs 385.5m ($45.8m) from Rs 428m, and the pre-tax profit to Rs 29.4m ($3.5m) from Rs 43.4m. The company's activities were hit by competition from "fibre imported at very low prices from major producers in Japan and the Far East who had large capacity and were willing to export at very low prices." say the directors. Offtake by domestic textile mills was also lower because of financial difficulties.

The Alkali and Chemical Corporation of India reports sales marginally higher, at Rs 538.3m ($64.1m) compared with Rs 523.2m in 1976. However, high interest charges and low production of more profitable items, such as polyethylene caustic liquor and liquid chlorine, brought the pre-tax profit down to Rs 25.2m ($3m) from Rs 36.4m.

Despite these setbacks, the ICI group in India, which has pioneered products of vital importance to the economy like caustic soda/chlorine explosives, rubber chemicals, reactive dyes and polyethylene, has initiated a further phase of expansion and diversification. New capacity is being created for pharmaceuticals and rubber chemicals, nitrocellulose, vat dyes and reactive dyes. A major expansion programme envisages an increase in the urea capacity by 50 per cent. The chairman, Krishna Mudaliar, says that these expansion and diversification projects are a measure of the ICI group's confidence in the economic future of India.

Earnings well up at ICI Australia

By James Forth

SYDNEY, June 12.

ICI AUSTRALIA, the chemicall and fibres offshoot of Imperial Chemical Industries of the UK, has turned in a solid 35.7 per cent. gain in earnings for the March half year, from A$14.5m to A$19.7m. The result puts the group well on the way to passing the record A$34m earned in 1976-77.

The interim dividend is raised from 6 cents a share to 7 cents on capital increased last year by a cash issue. New shares will receive 3.5 cents a share. Last year ICI paid a final dividend of 8 cents to make a total payout of 14 cents.

A large part of the profit increase came from a rise in the group's non-trading income. A higher dividend from associated companies and higher interest from short term investment of funds temporarily in surplus, following the share issue, helped boost non-trading income by almost 60 per cent, from A$5m to A$8m.

Total group sales rose by 5.5 per cent, from A$359m to A$379m (U.S.$430m).

Trading profits were higher in most sectors of the group's business, with the exception of the paint company, Dulux Australia, ICI New Zealand Ltd. and the rural division.

Sales of agricultural chemicals were low because of very dry conditions over a large part of Australia. Demand for paint was subdued in some market sectors, including the automotive and building industries. The low level of economic activity in New Zealand resulted in reduced sales and earnings from the New Zealand offshoot.

The directors report that increased use of fertilisers for pasture improvement and strict control of operating costs, enabled Australian Fertilisers to increase its sales and profits. Benefit is now being derived from rationalisation of the synthetic fibres business and the fibremakers division achieved a small trading profit in the half year compared with a substantial loss of the first half of 1976-77. If fibremakers continues its trend it will make its first profit in four years. Last year this division reduced its loss from $A3.9m to $A1.8m.

The result was after a reduction in the tax provision from $A9.3m to $A8.8m, reflecting a lift in investment allowances from $A500,000 to $A1.65m.

Sharp increase in current deficit at Keisei Railway

BY YOKO SHIBATA

TOKYO, June 12.

KEISEI RAILWAY, the troubled private railway operator on the new line linking Tokyo with Narita International Airport suffered a current deficit of Y9.4bn ($42.5m) in the year to March, against Y2.3bn in the previous year, with losses realised on railway operations, and on the disposal of real estate.

The loss, however, was reduced to Y690m by the gain of Y8.8bn from sales of securities and buildings.

The company has agreed to the appointment as deputy president of Mr. Kurao Murata, of the Industrial Bank of Japan, which has led the reconstruction moves at Keisei since last summer.

Keisei's financial troubles emerged last year as a result of investment in real estate during the real estate boom around 1973. Reconstruction measures decided on last summer called for the company to cut its workforce by 490 by 1979, to reduce its real estate to Y50bn by 1981, and to improve revenue by raising fares from April this year and by the opening of new services to Narita Airport. However, Keisei's fares increase has been postponed until after the autumn, while the opening of Narita Airport was delayed by two months, which will curtail the originally-estimated revenue by Y2.8bn. The company has been operating the new Narita line on a load factor of 25 per cent, well below the original target of 43 per cent.

Keisei revenues for the year to March increased by Y10bn to Y63bn ($285m), strengthened by disposal of real estate.

During the year, Keisei reduced its borrowing slightly by Y900m to Y123.6bn. According to the company, its debts will be cut by Y10bn in the current fiscal year.

However, the picture at Keisei remains gloomy. The company expects another current loss of Y5.3bn in the current fiscal year, as a result of the increasing interest burden generated by the new Narita line and the losses from real estate, although it foresees sales growth of 17 per cent to Y75bn.

According to the rehabilitation programme, the company has to sell another Y35bn of real estate over the next four years to 1981, against the Y5bn sales achieved last year.

Huletts cuts its final dividend

BY RICHARD ROLFE

JOHANNESBURG, June 12.

HULETTS CORPORATION, the diversified sugar producer which also controls Huletts Aluminium, the former Alcan operation in South Africa, has followed up its reduced interim dividend with a further cut in the final, so that the total payment for the year is down from 31 cents to 28 cents, making a further reatreat from the 33 cents peak in the year to March 1976. The shares, unchanged at 195 cents on the news, yield 14.4 per cent and reflect the general uncertainty over the outlook for sugar prices, both internationally and in the domestic context.

The group's South African income fell from R28.6m to R27.7m ($31.8m) with the bulk of the shortfall apparently coming from the 61 per cent owned Huletts Aluminium, pre-tax profits of which were down from R4.6m to R3.8m taxation was lower by R1.3m at R7.6m, with the aluminium company again an important influence because of investment allowances, which reduced its tax bill from R0.9m to a nominal level. Ignoring extraordinary items, Huletts' consolidated net earnings were down from R13.9m to R13m ($14.9m), making earnings per share down from 45.6 cents to 42.6 cents. This figure is struck on a replacement cost basis.

The group initially prepares its income statement on an historic cost basis and adjusts the figures by deducting what it calls "additional depreciation arising from asset revaluations and LIFO adjustment after tax," this charge falling from R5.9m to R4.3m last year. On the historic cost basis, earnings per share would have been down from 61.7 cents to 56.4 cents.

Since the last annual report and accounts, Huletts has deconsolidated its Rhodesian interests, which at one time accounted for a third of profits, and now presents them as income after-tax from subsidiaries not consolidated. This figure fell from R3.4m to R0.7m.

● The depressed state of the international sugar market is reflected in the results of one of Rhodesia's two major sugar plantation groups, writes Tony Hawkins from Salisbury. Triangle, which is owned by the Huletts group of South Africa, has announced that its profit after tax fell to R8,684,000 (US$ 1m) in the year to March, from R85.6m in the previous year.

Lower world sugar prices together with marketing difficulties are blamed for the dramatic downturn in profits and Triangle says that the sugar industry has been forced to stockpile "considerable quantities" of unsold production. The Rhodesian Government is currently considering an application for an increased sugar price in the local market.

Triangle says that initial negotiations for foreign loans for the construction of power alcohol plant (making sprit from molasses) have failed but other avenues are being explored and Triangle hopes to start the project "in the near future."

Triangle warns that the difficult trading conditions experenced last year are expected to continue in 1978-79 and sugar production is being cut to avoid the build-up of stockpiles. Triangle warns that it will make "a very substantial loss" in 1979 as the only group companies currently showing a profit are the cotton ginning and animal feed companies.

Malayan Breweries widens NZ interest

BY H. F. LEE

SINGAPORE, June 12.

MALAYAN BREWERIES, the largest brewery group in Singapore and Malaysia, has acquired sizeable blocks of shares in two of New Zealand's leading breweries through its recent activity on the New Zealand stock market.

With the acquisition, Malayan Breweries is now the biggest single shareholder in the two breweries—Dominion Breweries of Auckland and Lion Breweries of Wellington.

Malayan Breweries' stake in Dominion amounts to only 3.6 per cent of Dominion's issued capital while its Lion stake totals just under 10 per cent of Lion's issued capital. According to Wellington reports, however, Singapore interests have taken up a total of 13.07 per cent of Lion's issued stock. Although the actual percentage of Singapore interest in Lion cannot be confirmed, the possibility of other Singapore investors joining in the foray into the New Zealand market cannot be discounted.

Lion has informed its shareholders that Malayan Breweries has given the assurance that the acquisition has been solely for investment purposes.

Lion said that it is confident that the financial and trading expertise available through the Singapore shareholders will be beneficial to both companies.

Malayan Breweries is believed to have attempted to acquire a larger stake in one of the two New Zealand breweries between late last year and early this year. But, according to New Zealand Press reports, Lion directors took defensive action through a complex series of moves.

Lion's latest accounts, for the year ended March showed group turnover rising by 29 per cent to NZ$252m (U.S.$108m) and post-tax profit increasing by 34 per cent. The group made a one-for-eight scrip issue and declared a dividend of 7½ cents on its fifty cents shares.

Malayan Breweries which already has subsidiaries involved in substantial brewery operations in Papua New Guinea and Australia has also a stake in another New Zealand brewery—Leopard Brewery, a joint venture between the group and Lion. Malayan Breweries is also associated with Heineken, of Amsterdam, which acts as the group's technical advisers.

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FARMING AND RAW MATERIALS

'Realistic' cocoa price sought

ACCRA, June 12.

GHANA AND the Ivory Coast have agreed to secure a realistic price for cocoa, reflecting market trends, production costs and the purchasing power of the producing countries.

A communique signed at the end of a week-long visit to Ghana by Mr. Denis Bra-Kanon, the Ivory Coast's Minister of Agriculture, also said the two countries would collaborate with other members of the Cocoa Producers Alliance to ensure that the shortcomings in the 1975 international agreement were remedied.

In London, meanwhile talks have started on a possible renegotiation of the 1975 International Cocoa Agreement. An outline U.S. proposal for a new pact is believed to have been the main initial topic at the meeting, which is scheduled to last all week.

A producer proposal is also expected to be put forward stating the inadequacies of the current agreement and suggesting alternatives based on either export quotas supported by a buffer stock or a buffer stock alone.

If renegotiation of the current cocoa pact was agreed a full conference would be held in Geneva early next year, delegates said.

● In Accra the Ghana Cocoa Marketing Board said it had bought 2,540 tonnes of the 1978 mid-crop cocoa.

But it did not give the precise date of the start of the season.

Last year the mid-crop season started on June 17 but the first return incorporated the first two weeks of the season at 1,173 tonnes.

Reuter

Philippines hit by new rice disease

MANILA, June 12.

A NEW rice disease is threatening the Philippines' rich ricelands in the Cagayan Valley, 250 miles north of here.

Infectious gall disease, which is believed to be of viral origin, is transmitted by the brown planthopper to rice seedlings causing outgrowths which result in stunting, empty grains, abnormal branching and pronounced localised swelling on the leaf sheaths.

Government farm management technologists and extension workers in the area have been alerted to the possibility of a general outbreak. Other rice growing areas of the country have also been warned of the danger.

Reuter

Furnace closure halts tin sales from UK smelter

BY JOHN EDWARDS, COMMODITIES EDITOR

CAPPER PASS, UK tin smelter, confirmed last night that it was unable to meet its contracted supply commitments because of an industrial dispute.

The company, which is a subsidiary of the Rio Tinto Zinc group, declared force majeure on all its tin sales contracts with immediate effect and warned that it was unlikely to be able to restart regular deliveries for the next four weeks "due to the nature of our processes."

It said the works had closed. It is understood that once this happens there are considerable difficulties in restarting the furnaces.

Capper Pass is the sole UK tin smelting company, although Williams Harvey, which went into liquidation some years ago, is reported to be still producing some tin. Nevertheless Capper Pass, based in Hull, processes the bulk of tin mined in Cornwall as well as imported concentrates, primarily from Bolivia.

According to the World Bureau of eMtal Statistics, UK production of refined primary and secondary tin totalled more than 12,000 tonnes in 1976 and 11,500 tonnes in the first 10 months of last year.

News of the force majeure helped steady tin prices in late trading on the London Metal Exchange yesterday. The market had initially been depressed by the decline in copper prices and a bigger-than-expected rise in LME tin warehouse stocks, up by 445 tonnes to a total of 2,260 tonnes.

Capper Pass is an important supplier of tin to the LME, with 740 tonnes currently at Hull Warehouse.

As a result, there is more likely to be pressure on the cash price, which yesterday lost £15 to £6,700 a tonne, but moved to an £85 premium over the three-months quotation.

Copper led a general decline in other base metals. A fall of 5,000 tonnes in stocks, reducing total holdings in LME warehouses to 524,600 tonnes, was in line with market expectations and therefore had little impact on prices. But lack of demand, and stop-loss selling as well as speculative profit-taking pushed cash wirebars down by £14.75 to £735 a tonne.

Lead and zinc values both ended lower. Lead stocks rose by 1,125 tonnes to a total of 58,100 tonnes, and zinc by 600 to 64,425 tonnes.

Electrolytic Zinc America, a subsidiary of the Australian group, said it was raising its domestic U.S. price by 2 cents to 31 cents a pound. This is in line with recent increases announced by U.S. producers, but ignores the move by National Zinc to rescind its price move to 31 cents because it claims other companies are not charging the higher prices.

LME silver holdings fell by 50,000 to 17,600,000 ounces.

Hen culling plan rejected

BY CHRISTOPHER PARKES

THE EGGS AUTHORITY has turned down formal pleas from the National Farmers' Union, egg packers and chick hatcheries to start killing surplus laying hens. A glut of eggs is threatening the market and the industry wants to limit its impact on prices by cutting supplies at the source.

The authority, the industry's advisory organisation, had warned three times since last November that expansion of laying flocks was being over-done. Now it says introducing a hen culling scheme would be premature."

It is willing to prepare a slaughter campaign "should the situation deteriorate in the coming weeks," and has asked for preparatory talks with the Ministry of Agriculture and industry organisations.

One leading hatchery owner said yesterday the British laying flock should be cut by five per cent. This would involve the slaughter of 2.5m hens out of a national total of 50m.

Mr. Denis Cummings, chief executive of the Eggs Authority, thought the removal of 500,000 surplus old hens would restore balance to the market.

Officials at the NFU also favoured the lower estimate but said they were disappointed that the authority had not taken action. They warned that there was no benefit to anyone in a glut of eggs.

Shop prices might come down, but over-supply could lead to delays in selling and the appearance of eggs two to three weeks old in the shops.

Mr Cummings also warned that the introduction of hen culling now could hit the trade in meat for the soup and processed products market. He suggested that food manufacturers might consider buying more old hens and accelerating the normal removal of this meat from the market.

Surplus layers were selling to the industry for 5p to 8p a pound compared with 12p a pound six months ago and 17p a year ago. Although stocks were high there was a case for freezing even more for future use.

Surplus hens killed en masse would probably go to the fertiliser or glue factories, earning farmers about 1p a pound.

Any decision on dealing with the egg surplus seems likely to depend on the behaviour of the market elsewhere in the EEC.

'Bully' Silkin attacked

BY ROBIN REEVES, WELSH CORRESPONDENT

MR. JOHN SILKIN, the Minister of Agriculture, and Mr. John Morris, the Secretary of State for Wales, have been denounced as "bullies" by a Conservative spokesman, over the issue of reconciliation between the National Farmers' Union of England and Wales (NFU) and the Farmers' Union of Wales (FUW).

The denunciation came from Mr. Nicholas Edwards, the shadow Secretary of State for Wales, during the Welsh Conservatives conference in Llandudno at the weekend.

Mr. Edwards accused the two Ministers of "staggering insensitivity" by threatening effectively to force the two unions to sit around the same table for Ministry consultations.

The NFU is, so far, continuing a boycott policy towards joint meetings with the FUW, which began as an NFU break-away body 22 years ago.

Mr. Silkin and Mr. Morris have warned they are not prepared to put up with separate consultations indefinitely.

Further fall in coffee

COFFEE PRICES fell again on the London futures market yesterday as fears of serious Brazilian frost damage receded. September delivery coffee ended the day £80.5 lower at £1,686 a tonne after slipping to £1,670 at one stage.

The Brazilian weather office lifted its frost warning for southern Brazil on Sunday and forecast a period of milder weather. Minimum overnight temperatures in the north Parana coffee areas were well above freezing at about ten degrees centigrade.

But the danger has still not entirely passed. Weather office sources said there was another cold front over southern Argentina moving rapidly towards Brazil. It was not possible to say if or when the cold air would reach the coffee areas.

The Sao Paulo Agriculture Federation meanwhile forecast that the state's 1978/79 coffee crop would be only 5.6m bags (60 kilos each), 30 per cent below a recent Brazilian Coffee Institute estimate.

Our Nairobi correspondent reports: Mr. Mwai Kibaki, Kenya's finance and planning minister, said today that the Kenya coffee crop this year had been "a total disaster."

Very heavy rains had limited flowering and the tonnage produced would be about 30 per cent down on last year's production, a record 97,066 tonnes.

But the rains had a very beneficial effect on other agricultural products, such as tea.

Mr. Kibaki said: "Coffee prices are likely to be dicey this year but if they maintain an average of £1,500 a ton we won't be terribly miserable."

In 1977 the earnings of coffee producers doubled and those of tea producers tripled, compared with 1976. Producers of sugar, milk and maize also had a good year but wheat pyrethrum and sisal were disappointing.

TEA MARKET QUIETER

North Indian teas were a little cheaper at yesterday's London auction, reflecting the usual end-of-season decline in quality. South Indian prices were steady and quality teas from Sri Lanka were in good demand.

The market was generally quieter than in recent weeks with the average price for quality tea declining 4p to 136p a kilo and that of plain tea 2p to 80p. Medium quality tea was unchanged on average at 125p a kilo.

NEW ZEALAND LAMB TRADE

Fresh bid to keep access to EEC

BY CHRISTOPHER PARKES

THE SATURATION lobbying of Common Market politicians by antipodean ministers continues this week with the start of yet another European tour by Mr. Brian Talboys, right-hand man to Mr. Robert Muldoon, the New Zealand Prime Minister.

Mr. Talboys, who follows on the heels of the hapless Australian negotiator Mr. Victor Garland, who was sent packing last weekend by an unreceptive Community, hopes to ensure that whatever the Nine do while sorting out their problems over free trade in sheep within their own frontiers, they offer no threat to his country's vital exports of lamb to Britain.

He does not react well to any suggestion that now might not be a good time to restart negotiations. The cursory treatment afforded to Australian attempts to regain access to Europe for food exports does not deter him.

"The time to come and negotiate is when the Council of Ministers starts to talk." he said. The EEC Commission's latest proposals for Community regime governing marketing of lamb are due to be discussed by the Agriculture Ministers next week.

Mr. Talboys, a "portmanteau" minister who is responsible for foreign affairs and for overseas trade and who acts as deputy premier, seems intent on developing the doubts about the proposed "common market" in lamb already present in the minds of EEC Ministers.

While accepting that free trade inside the EEC is "inevitable," he does not subscribe to the notion that a full-scale regulation is needed for a commodity which accounts for only 3 per cent of EEC meat consumption.

He is mistrustful of those who have attempted to dispel his fears with claims that only a "light" regulation is suggested—no intervention buying, not even a target price.

That, he points out, was how the Common Market's cumbersome and restrictive beef regime started.

"I see the regulation as proposed in the light of what happened to beef. And that is why we are concerned. Once the regulation is there it will become a threat because it can be changed and amended by the Council of Ministers."

AT A meeting yesterday afternoon Mr. John Silkin, the British Minister of Agriculture, told Mr. Talboys that the UK was not seeking a common sheepmeat regime. But if it was decided that a regime was legally necessary the Commission's new proposals might form a suitable basis for negotiation.

Mr. Silkin also assured Mr. Talboys that New Zealand would retain its present access to the UK market.

The sheep industry is one of the mainstays of the New Zealand economy. Its exports last year of meat, wool, tallow, livestock and the rest were worth £720m, accounting for almost 40 per cent of the country's exports, and equivalent to 10 per cent of the New Zealand gross national product.

About £130m of the income was earned on sales of lamb and mutton to the EEC, which imports 70 per cent of New Zealand's lamb exports and 10 per cent of its mutton exports.

With so much at stake the New Zealanders are right to be fearful. Any common policy attempting to merge the high-price market in France with the low-price trade in Britain will lead to rapid and heavy increases in retail prices in Britain.

Those who argue that French farmers' insistence on top-whack market prices for what they view as a luxury meat can be tempered by subsidies or compensatory amounts are wrong, at best misguided.

Mr. Talboys has already won the unconditional backing of the consumers' groups in Britain. Now he has to sway Mr. John Silkin, renowned at home more as the consumers' champion than Minister of Agriculture and incidentally as something of a hero among New Zealand farmers.

Mr. Silkin evidently has not yet made up his mind about tactics. His Ministry has already succeeded in putting off any substantial talks on mutton for the past three years, and with meat price inflation in Britain already running well above overall rates this year. He may be counted on not to agree to anything which may damage counter-inflation policies before the election.

The New Zealand Minister also has a potentially fertile furrow to plough in Europe.

Since only Britain and France produce sheep on any scale, with Ireland a lowly third, Mr. Talboys might argue that some form of trilateral pact could be worked out and consecrated by the Council of Ministers in the name of the Treaty of Rome.

Such a simple solution is unlikely, but Mr. Talboys' fundamental argument that a regulation is unnecessary and could be costly to all concerned might find favour among the pfennig-pinching Germans.

Wheat pact settlement 'urgent'

MEXICO CITY, June 12.

THE SUCCESSFUL conclusion of negotiations for a new International Wheat Agreement is an urgent priority, according to a draft declaration to be considered at the World Food Council meeting starting her today.

The draft calls on the Governments involved to ensure that a new agreement includes reserves adequate to provide food security and reasonable price stability.

About 25 Ministers are expected to attend the meeting, including Mr. Bob Bergland, the U.S. Agriculture Secretary, and Mr. Paul Dalsager the Danish Agriculture Minister, representing the EEC.

In Rouen, France, a meeting of the EEC feed and cereals committee heard that the wheat agreement negotiations seemed likely to end successfully. Existing differences were by no means insoluble, Mr. Michael Johnston, trade policy co-ordinator of the UK Grain and Feed Trade Association, said.

He told the meeting the immediate task was to see whether prospects were good enough to call a plenary meeting of the International Wheat Council in September.

Mr. Johnston said he saw no reason why present mechanisms used by some countries to build stocks and stabilise the market could not be continued under the new agreement.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lost ground on the London Metal Exchange. Forward metal opened easier at £768 reflecting the downturn on Comex on Friday and then fell back to the day's low of £752 following the opening of Comex which attracted heavy stop-loss selling, chartist selling and speculative liquidation. Short covering saw the price rally to £758 in the afternoon rings but fresh selling left it at £754 on the late kerb. The further fall in warehouse stocks had been widely expected and had little effect on market sentiment. Turnover 25,000 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	738-9	—10.75	734.5-5.5	—14.75
3 months	760-.5	—10	756.5-7	—14
Sett'm'nt	739	—10.5	—	......
Cathodes				
Cash	731-2	—12	727-8	—16
3 months	755-.5	—11	749.5-50	—15
Settl'm'nt	732	—12	—	......
U.S. Smt.	—	......	*66.5-68	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £739.5, 39, three months £759, 58, 58.5, 59, 59.5, 60, 60.5, 61, 61.5, 61, 60. Cathodes, three months £753.5, £753. Kerb: Wirebars, cash £736, three months £760, 59.5, 59, 58, 57.5, 57, 56, 56.5. Afternoon: Wirebars, cash £735.5, three months £757, 7.5, 8, 8.5, 8, 7.5, 8, 7.5, 7. Cathodes, three months £749.5. Kerb: Wirebars, three months £757, 7.5, 7, 6, 5.

TIN—Fractionally easier. The pressure on copper offset the weekend rise in the Penang market with forward standard metal opening a shade easier at £6,630 and then falling to £6,580. At this level, however, some good buying developed and this trend was further boosted as news of a force majeure declaration by Capper Pass which prompted a rise to £6,640 prior to a close on the late kerb of £6,620. The force majeure news also widened the backwardation to around £100. Turnover 1,610 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6730-5	—22.5	6710-30	—10
3 months	6620-40	—25	6620-40	—25
Settlem't	6735	—25	—	......
Standard				
Cash	6690-700	—20	6690-710	—15
3 months	6610-5	—20	6610-20	—22.5
Settlem't	6700	—20	—	......
Straits E.	‡$1711	+11	—	......
New York	—	......		......

Morning: Standard, cash £6,710, three months £6,580, 85, 90, £6,600, £6,620, £6,610. High Grade, cash £6,730. Kerb: Standard, three months £6,580, 90. Afternoon: Standard, cash £6,700, three months £6,610, 40, 30, 25, 20. Kerb: Standard, three months £6,620, 15.

LEAD—Lower in quiet trading. Forward metal fell to £315 on the pre-market reflecting the weakness of copper. This level attracted short covering, however, and the price picked up to £319 in the morning rings before easing back in the afternoon to close at £317.5 on the late kerb. Turnover 2,525 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	309.25-.75	......	308.5-9	—2.75
3 months	318.75-9.25	—1.25	318.25-.75	—3.25
Sett'lm'nt	309.75	—.25	—	......
U.S. Spot	—	......	*31-33	......

Morning: Cash £309, £309.5, three months £318.5, 17, 17.5, 18, 18.5, 18.75, 18. Kerb: Three months £319, 18, 17.5. Afternoon: Three months £318.5. Kerb: Three months £318, 18.5, 17.5.

ZINC—Slightly lower owing to the falls in other base-metals. Trading was subdued with forward metal losing ground on the pre-market to touch £322 before recovering modestly to close at £326 on the late kerb. Turnover 1,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	314.75-5.25	—4.25	315-.5	—2.25
3 months	325-.5	—4.25	326-.5	—1.25
S'ment	315.25	—4.25	—	......
Prim. West	—	......	*29-31	......

Morning: Cash £315, three months £324, 25.5. Kerb: Three months £325.5, 25, 24. Afternoon: Cash £315.5, three months £324.5, 5, 6. Kerb: Three months £326.5, 27.5, 28.

* Cents per pound. † On previous official close. ‡ $M per picul.

COMPANY NOTICES

BANQUE DE PARIS ET DES PAYS-BAS
FLOATING RATE NOTES 1980 $US 25,000,000

The interest rate applicable to the above loan in respect of six months' period of 185 days commencing 9th June 1978 has been fixed at

8.75%

so that accordingly the interest payable in respect of such period (calculated on the basis of a year of 360 days for the actual number of days elapsed) will be made on 11th December at $US 44.9652 per coupon.

The Fiscal Agent
Banque de Paris et des Pays-Bas
pour le Grand-Duche de Luxembourg

SILVER

Silver was fixed 2.2p an ounce lower for spot delivery in the London bullion market yesterday at 286.0p. U.S. cent equivalents of the fixing levels were: spot 524.5c, down 1.6c; three-month 533.5c, down 1.9c; six-month 544.0c, down 1.5c; and 12-month 566.0c, down 1.8c. The metal opened at 286.9-287.9p (525½-527½c) and closed at 285.3-286.3p (524½-526c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	286p	—2.2	285.65p	—2.8
3 months	293.8p	—2.2	293.35p	—2.9
6 months	301.8p	—2.85	—	......
12 months	318.6p	—3.0	—	......

LME—Turnover 211 (118) lots of 10,000 ozs. Morning: Three months 294.5, 94.3, 94.4, 94.3. Kerbs: Three months 294.2. Afternoon: Three months 292.3, 2, 2.2, 2.4, 2.5, 2.6, 2.7, 2.8, 3.2, 3.1, 3.2, 3.3. Kerbs: Three months 293.7, 3.8, 3.6, 3.5, 285.65, 293.35.

JUTE

DUNDEE JUTE—Quiet. Prices c and f UK for September-November shipment BWB £267, BWC £254, BWD £248. Tossa BTB £267, BTC £255, BTD £248. Calcutta goods steady. Quotations c and f UK for prompt shipment 10 oz 40 ins £9.91; 7½ oz £7.78. June £9.91, £7.79, July-Sept. £9.86, £7.81. B twills: £27.01, £27.22 and £27.37 for the respective shipment periods. Yarn and cloth very quiet.

COCOA

Trading was thin and the market remained steady throughout an inactive day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.6 Contr't			
July	1682.5-86.0	—0.75	1705.0-1670
Sept.	1655.0-58.0	—1.5	1649.0-22.0
Dec.	1611.0-12.0	+2.5	1625.0-1600
March	1597.0-99.5	+7.25	1605.0-1585
May	1588.0-90.0	+6.0	1590.0-85.0
July	1570.0-85.0	+1.5	1575.0-70.0
Sept.	1575.0-80.0	+7.5	—

Sales: 2,085 (2,255) lots of 5 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price June 9: 130.72 (132.35). Indicator prices June 12: 15-day average 134.06 (134.62): 22-day average 136.51 (137.20).

COFFEE

Robustas recovered after earlier long liquidation prompted a decline, Drexel Burnham Lambert reports. Values meandered in a light range throughout the afternoon without threatening to break and a generally nervous day ended with the market £75 lower on balance.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
July	1772-1777	—75.5	1815-1780
September	1685-1687	—80.5	1715-1670
November	1620-1624	—72.5	1655-1615
January	1558-1560	—65.0	1570-1545
March	1500-1505	—67.5	1520-1510
May	1470-1480	—65.0	1480
July	1440-1469	—60.5	1480

Sales: 2,865 (4,930) lots of 5 tonnes.

ICO Indicator prices for June 9 (U.S. cents per pound): Columbian Mild Arabicas 197.00 (195.00); unwashed Arabicas 198.00 (same); other mild Arabicas 173.67 (174.67); Robustas 158.50 (160.00); Daily average 166.09 (167.34).

ARABICAS—Were again easier and values depressed, Drexel Burnham Lambert reports.

Prices (in order, buyer, seller, business)—June 198.00-97.50, 203.00-99.50; Aug. 184.00-87.00, untraded: Oct. 170.00-73.50, untraded; Dec. 163.50-66.00, untraded; Feb. 161.00-62.00, 163.00; April 155.00-60.00, untraded, June 150.00-57.00, untraded. Sales 9 (18) lots.

RUBBER

STEADY opening on the London physical market. Little interest at higher level, closing easier. Lewis and Peat reported a Malaysian godown price of 230½ (233) cents a kilo (buyer, June).

No. 1 R.S.S.	Yest'rday's Close	Previous close	Business done
July	57.60-58.00	58.25-59.5	—
Aug.	58.50-58.90	60.00-60.10	—
Jly-Sept	58.85-58.90	60.10-60.15	58.95-58.80
Oct-Dec	60.75-60.80	61.95-62.00	61.85-60.45
Jan-Mr.	61.80-61.85	62.95-63.10	64.00-61.5
Apr-Jne	62.95-63.05	65.05-64.10	3.66-63.10
Jly-Sept	64.15-64.40	65.05-65.10	64.80
Oct-Dec	65.25-65.50	66.20-66.25	—
Jan-Mar	66.45-66.60	67.30-67.40	66.85-66.60

Sales: 284 (822) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 57.5p (58.75); July 57p (57.75); Aug. 57.6p (58.25).

GRAINS

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	85.20	—0.65	79.60	—0.60
Nov.	87.60	—0.55	82.20	—0.60
Jan.	90.25	—0.60	85.00	—0.55
Mar.	92.90	—0.70	87.50	—0.50
May	95.40	—0.65	90.00	—0.40

Business done: Wheat—Sept. 85.60-85.20, Nov. 88.15-87.70, Jan. 90.65-90.25, March 93.20-93.10, May 95.65-95.55. Sales: 119 lots. Barley—Sept. 80.10-79.60, Nov. 82.50-82.20, Jan. 85.35-85.10, March nil, May 90.15-90.15. Sales: 108 lots.

IMPORTED—Wheat: CWRS No. 1 13½ per cent June 96.25 Tilbury; U.S. Dark Northern Spring No. 2 14 per cent June and July 85.50, August 86.00 transhipment East Coast sellers; U.S. Hard Winter ordinary unquoted; West August faq unquoted; EEC wheat unquoted.

Maize: U.S./French June 105.00, July 105.50, August 101.00 transhipment East Coast sellers; South African White June-July 81.50 Glasgow. South African Yellow June-July 81.50 Glasgow sellers: Kenya grade three unquoted.

Barley: Unquoted.

MARK LANE—The market was slow, as is usual for this time of year, with little interest to trade shown from consumers or merchants. Nominal values: Milling wheat delivered London area, June 105.00, July 106.00, new crop Sept. 92.50. DNO wheat delivered E. Anglia, June 99.25, July 101.50, August 103.50, new crop Sept. 86.00. Feed barley delivered E. Anglia, June 86.50, July 87.25, new crop August 79.00, Sept. 80.00.

HGCA—Ex-farm spot prices on June 12. Other milling wheat: E Suffolk £100.50. Feed wheat: E Suffolk £96.00. Scotland £98.80. Feed barley: E Suffolk £83.70, Scotland £83.60.

The UK monetary coefficient for the week from June 19 is expected to be unchanged.

HGCA—Ex-farm spot prices for the week to June 8. Other milling wheat: Eastern £99.30, E. Midlands £99.10, N. East £101.70, UK £99.60. Feed wheat: S. East £95.90, S. West £95.70, Eastern £94.70, E. Midlands £96.80, W. Midlands £97.60, N. East £98.90, N. West £98.10, UK £97.00. Feed barley: S. East £82.20, S. West £84.10, Eastern £83.10, E. Midlands £82.60, W. Midlands £82.20, N. East £81.90, N. West £82.30, Scotland £84.00, UK £82.60.

UK forward prices: August, feed wheat K, 2,035 tonnes £82.50, feed barley 2,934 tonnes £76.20. Sept., feed wheat K, 2,395 tonnes £82.30, feed barley 1,084 tonnes £78.00.

EEC LEVIES—In units of account a tonne, effective today, in order current levy plus July, Aug. and Sept. premiums, with previous in brackets. Common Wheat—87.52, nil, nil, nil (86.85, nil, nil, nil). Durum Wheat—130.46, nil, nil, nil (same). Rye—82.32, nil, nil, nil (80.33, nil, nil, nil). Barley—82.76, nil, nil, nil (74.30, nil, nil, 1.11). Oats—79.63, nil, nil, nil (same). Maize (other than hybrid for seeding)—76.99, nil, nil, nil (76.99, 0.33, 0.33, nil). Buckwheat—All nil. Millet—82.94, nil nil, nil (same). Grain Sorghum—80.93, nil nil, nil (same). Flour: Wheat or mixed wheat and Rye—134.75 (133.91). Rye—127.46 (124.67).

SOYABEAN MEAL

The market opened 70p down reflecting overnight Chicago levels, reports SNW Commodities. Values gradually drifted in thin volume on light liquidation following steadier sterling. Better than expected Chicago opening prices helped the market to regain some of its earlier losses and close 1.50 down.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	118.50-20.0	—2.0	21.00-20.40
August	122.0-22.2	—2.45	24.10-21.70
October	122.9-23.3	—1.45	24.0-23.60
December	123.0-23.8	—1.75	23.0
February	123.7-25.8	—1.40	—
April	124.0-26.0	—0.75	—
June	124.5-26.0	—0.25	—

Sales: 52 (50) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £101.00 (£102.00) a tonne cif for June-July shipment. White sugar daily price was fixed at £111.00 (same).

The market opened slightly below overnight levels but sellers soon predominated on currency considerations so that losses of up to 100 points occurred in the morning. Later further losses were recorded following a weak New York opening but the lows were shortlived and prices had lifted some 100 points by the close, reports C. Czarnikow.

Sugar Pref. Comm. Conn.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	103.40-03.60	105.10-05.25	105.60-02.50
Oct.	105.10-05.25	107.05-07.10	107.25-04.50
Dec.	108.35-08.50	110.15-10.25	109.75-07.75
March	115.75-15.75	118.10-18.30	117.75-15.25
May	118.80-19.00	121.00-21.75	120.60-18.50
Aug.	122.00-22.35	124.25-25.00	—
Oct.	125.00-27.00	127.50-28.25	125.40

Sales: 3,109 (2,553) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £161.00 (£162.00) for export.

International Sugar Agreement: Prices for June 9: U.S. cents a pound fob and stowed Caribbean port—Daily 7.46 (7.45); 15-day average 7.43 (7.41).

EEC LEVIES — Effective today for denatured and non-denatured sugar, in units of account per 100 kilos, with previous in brackets. White: 26.21 (same). Raw: 21.73 (21.63).

The rates for raws are for basis 92 per cent.

WOOL FUTURES

LONDON—The market was dull and featureless, Bache Halsey Stuart reported.

(Pence per kilo)

Australian Greasy Wool	Yesterd'y's Close	+ or —	Business Done
July	250.0-54.0	—2.0	—
October	242.0-59.0	+1.5	—
December	245.0-40.0	—0.5	—
March	248.0-46.0	+0.5	—
May	248.0-46.0	+0.5	—
July	248.0-46.0	......	—
October	250.0-47.0	......	—
December	252.0-46.0	......	—

Sales: nil (nil) lots of 1,500 kg.

SYDNEY GREASY—In order, buyer, seller, business, sales—Micron contract: July 347.0, 348.5, nil: Oct. 348.0, 349.0, nil: Dec. 353.0, 354.0, nil: March 357.2, 358.0, nil: May 361.5, 361.9, nil: July 364.0, 365.0, 364.0, 5: Oct. 367.0, 368.0, nil: Dec. 370.0, 370.5, nil. Total sales: 5 lots.

BRADFORD—Dealers said despite some improvement in tops business last week, and an increase in quotations in an attempt to bring them nearer to replacement costs, order books for topmakers are not full enough to ensure activity very far ahead. The market is firm, though better prices are obtained only with difficulty.

MEAT/VEGETABLES

SMITHFIELD (Prices in pence a pound)—Beef: Scottish killed sides 54.0 to 57.0: Eire hindquarters 70.0 to 74.0, forequarters 33.0 to 35.0. Veal: English fats 70.0 to 76.0: Dutch hinds and ends 88.0 to 92.0. Lamb: English small new season 60.0 to 64.0, medium 56.0 to 66.0. Imported frozen: NZ PL 51.5 to 52.0. PM 50.5 to 51.0. Pork: English, less than 100lb 36.0 to 43.0, 100-120lb 36.8 to 42.0, 120-160lb 35.0 to 40.0.

MEAT COMMISSION—Average fatstock prices at representative markets in the week to June 10. GB—Cattle 69.84p a kg.l.w. (—1.03). UK—Sheep 147.8p a kg. est. d.c.w. (—10.2). GB—Pigs 56.3p a kg.l.w. (—3.3). England and Wales—Cattle down 0.6 per cent, average price 69.76p (—1.39). Sheep up 9.5 per cent, average price 146.9p (—10.6). Pigs up 18.2 per cent, average price 56.1p (—3.1). Scotland—Cattle down 25.5 per cent, average price 70.03p (—0.22). Sheep up 6.5 per cent, average price 150.1p (—2.6). Pigs down 11.3 per cent, average price 64.6p (no change).

MEAT COMMISSION—Average fatstock prices at representative markets on June 12. GB—Cattle 71.66p a kg.l.w. (+1.98). UK—Sheep 153.9p a kg.est.d.c.w. (+5.2). GB—Pigs 59.0p a kg.l.w. (+2.4). England and Wales—Cattle down 20.6 per cent, average price 71.65p (+2.14). Sheep down 13.9 per cent, average price 152.5p (+5.4). Pigs down 13.5 per cent, average price 58.9p (+2.5). Scotland—Cattle up 2.6 per cent, average price 71.00p (+1.47). Sheep up 26.8 per cent, average price 152.7p (—1.8). Pigs down 6.8 per cent, average price 66.3p (no change).

COVENT GARDEN (prices in sterling a package unless stated)—Imported produce: Oranges—Cyprus: Valencia Lates 15 kg 3.70-4.80: Moroccan: 4.00-4.20: Californian: 4.00-4.50: South African: Navels 3.60-4.55. Lemons—Italian: 100/120's new crop 4.50-4.80; Spania: Trays 25/50's 1.30-1.40; South African: 88/195 3.00-3.20: Spania: Large boxes 3.00-4.00. Grapefruit—Cyprus: 15 kg 2.30-3.00: 20 kg 3.20-4.00: South African: 27/72 3.30-4.15: Jaffa: 20 kg 4.00-4.30. Apples—French: Golden Delicious 20 lb 84's 3.40-3.60, 72's 3.60-3.80, jumble boxes 0.15-0.17: West Australian: Granny Smith 9.00-9.30; Tasmanian: Granny Smith 9.20-9.30; Italian: Rome Beauty per pound 0.17, Golden Delicious 0.14-0.16; Jonathans 40 lb 5.80; South African: Granny Smith 9.30-9.50, White Winter Pearmain 7.50-8.00, Starking Delicious 8.30-8.50, Golden Delicious 8.00-8.50: Chilean: Granny Smith 9.30; New Zealand: Sturmer Pippins 163 9.00, 175 9.00. Granny Smith 9.20; Danish: Per pound, Spartans 0.13-0.15.

English produce: Potatoes—Per 56 lb. White/Red 2.80-3.30, new crop per pound 0.06. Lettuce—Per 12 0.50-0.60, Cos 1.20. Carrots—Per bag 1.40-1.60. Onions—Per 56 lb 2.00-2.40. Rhubarb—Per pound, outdoor 0.05. Cucumbers—Per tray 12/24's 1.30-1.90. Mushrooms—Per pound 0.40-0.50. Apples—Per pound Bramley's 0.10-0.20. Tomatoes—Per 12 lb English 2.60-2.80. Greens—Per crate, Kent 1.00-1.20. Cabbage 1.30. Celery—Per 12/18 2.00-3.00. Asparagus—Per bundle approximately 2 lb 1.00-1.40. Strawberries—Per ½ lb 0.15-0.18.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	June 12 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cis)	$1,020/5	......	$985-000
Copper cash W. Bars	£735	—14.75	£699.75
3 months do. do.	£756.75	—14	£718.75
Cash Cathode	£727.5	—16	£691
3 months do. do.	£749.75	—15	£709.75
Gold Troy oz.	$181.375	—0.25	$175.875
Lead Cash	£308.75	—2.75	£295.25
3 months	£318.5	—3.25	£304.25
Nickel	£2,566	......	:
Free Market (cif lb)	$1.90 2.00	......	$1.95 2.05
Platinum troy oz.	£133.0	......	£120.5
Free Market	£131.5	—1.8	£125.6
Quicksilver (76lb.)	$120-25	—7.0	$127-32
Silver troy oz.	286p	—2.2	278.6p
3 months	293.8p	—2.2	284.8
Tin Cash	£6,700	—15	£6,375
3 months	£6,615	—22.5	£6,322.5
Wolfram 22.04lb. cif	$130/35	......	$135-40
Zinc cash	£315.25	—2.25	£303
3 months	£326.25	—1.25	£312.25
Producers	$550-600	......	$550-600
Oils			
Coconut (Phil)	$650	......	$610
Groundnut	£739	......	£744
Linseed Crude (v)	£385	......	£365
Palm Malayan	$590k	—5.0	$590
Seeds			
Copra Philip	$440x	......	$410
Soyabean (U.S.)	$282w	+0.5	$298
Grains			
Barley EEC	‡	......	:
Home Futures	£82.2	—0.6	£79.85
Maize			
French No. 3 Am	£105	—0.5	£106.5
Wheat			
No. 1 Red Spring	£96.85	—0.5	£94.8
No 2 Hard Winter	:	......	:
English Milling	£105	+0.5	£102
Cocoa Shipment	£1,740	+4.0	£1,975
Future Sept	£1,635.5	—1.5	£1,888
Coffee Future Sept	£1,686	—80.5	£1,471.5
Cotton 'A' Index	71.45c	......	70.85c*
Rubber kilo	57.5p	—1.25	53p
Sugar (Raw)	£101	—1.0	£95.8
Wooltops 64s kilo	283p	......	280p

* Nominal. ‡ Unquoted. k August. m June-August. w July. z June-July. x Per ton.

★

GRIMSBY FISH—Supply fair and demand good. Prices a stone at ship's side unprocessed: Shelf cod £3.80-£4.50, codlings £2.70-£3.40, large haddock £4.50-£4.80, medium haddock £3.90-£4.40, small haddock £2.00-£2.80, large plaice £4.30-£4.80, medium plaice £3.90-£4.90, best small plaice £3.00-£3.80, skinned dogfish (large) £10.00 (medium) £8.00, lemon soles large £6.00 (medium) £5.80, saithe £1.32-£2.20.

COTTON, Liverpool—Spot and shipment sales in Liverpool amounted to 52 tonnes. Only minor replenishment needs were under consideration, reports F. W. Tattersall. Most of the interest centred on South American and Middle Eastern qualities.

INDICES

FINANCIAL TIMES

June 9	June 8	Month ago	Year ago
246.33	249.60	246.61	255.56

(Base: July 1, 1952=100)

REUTER'S

June 12	June 9	Month ago	Year ago
1517.6	1523.0	1461.1	1606.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	June 9	June 8	Month ago	Year ago
Spot	357.83	358.66	357.96	411.78
Future	350.14	352.46	347.49	384.54

(Average 1924-25-26=100)

MOODY'S

Moody's	June 9	June 8	Month ago	Year ago
Spie Commity	920.8	921.4	909.9	888.4

(December 31, 1931=100)

NZ to attack dairy trade protectionism

By Dai Hayward

WELLINGTON, June 12.

A STRONG call for the international dairy industry to fight agricultural protectionism and excessive consumer prices will be made by Mr. A. L. Friis, the chairman of the New Zealand Dairy Board, at the International Dairy Federation congress in Paris this month.

Mr. Friis will ask for consideration of the long term hazards to consumers of excessive agricultural protectionism. He will also call on delegates to support measures to expand the world's dairy markets.

His call is likely to be made at a session chaired by Mr. Finn Gundelach, the EEC Agricultural Commissioner.

Cyprus potato exports lower

Cyprus spring crop potato exports this year are expected to reach 117,500 tonnes compared with 173,000 tonnes last year, according to officials of the Cyprus Potato Marketing Board.

With shipments nearing an end, the officials said most of the produce—more than 100,000 tonnes—was going to the UK, with smaller quantities to certain Arab countries and East Germany.

Spring crop exports are expected to yield about £C10m this year, compared with nearly £C16.5m last year.

The Marketing Board had restricted the acreage of potato plantations this spring because the prospects of putting large quantities of Cyprus potatoes on the British market this year were rather poor.

French land 11% dearer

THE PRICE of farm land in France increased 11 per cent last year compared with a 13.5 per cent rise in 1976, according to the Ministry of Agriculture in Paris.

The average price for the country was FFr16 800 a hectare—£2,000 at present exchange rates. The average price of land sold in England in April was £2,873 a hectare.

French arable land went up 10.5 per cent on average and pasture gained 11.7 per cent. The biggest rises were registered in the south of the country.

WESTERN INDIA LOCUST THREAT

NEW DELHI, June 12.

Swarms of locusts have been sighted in some places in the western-most parts of India, the Press Trust of India reported.

The joint director of agriculture in Rajkot has set up a locust control room and preventive measures, such as spraying insecticides, have been started.

Reuter

STOCK EXCHANGE REPORT

Another big demand for Gilts—New short tap stock

Equity leaders quietly firm with index up 5.3 at 472.2

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 30	June. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4
Jun. 26	July 6	July 7	July 18

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

British Funds continued to dominate markets yesterday. Still enthused by the Government's recent tightening of controls on credit, institutional sources invested strongly again in both long- and short-dated issues and this soon exhausted the authorities' supply of the short tap. The 3.30 pm announcement of a replacement stock, £900m of Exchequer 10 per cent. 1983, at £95 (£15 paid payable on application) came as no surprise, but quotations came back slightly to close ¼ off the top at the short end of the market and ½ at the long end. Nevertheless, gains still ranged to a point and sometimes more which left the Government Securities index up 0.53 at 70.79. There was very little selling in the late business, the reaction from the best mainly reflecting the cautious attitude being taken by jobbers in view of the sizeable amount of investment funds to be found for this week's two new issues.

Despite again being overshadowed by the Funds, equity markets took a turn for the better as the new Account got under way. Scattered small selling of the Industrial leaders was more than matched by the occasional institutional buying order and the FT 30-share index gradually edged forward to close at the day's highest with a gain of 5.3 at 472.2.

The day's more noteworthy movements mainly resulted from week-end press mention and continuing bursts of bid speculation. Among the sectors, Discount issues were again good in sympathy with the rise in Gilt-edged. Above average gains were reflected in the FT-Actuaries index for the subsection which recorded a rise of 4.2 per cent to 213.52 compared with an improvement of 0.8 per cent to 215.29 in the All-share index.

Corporations followed the main funds and closed with gains stretching to a point or so, while Fixed Interests were featured by the debut of five new preference issues; all issued by way of capitalisation to ordinary holders they were **Automotive Products, Clive Discount, I. J. Dewhirst, Greenfield Millets** and **Smith St. Aubyn**. First-time dealings in **Fairview Estates** 13.85 per cent debenture, issued by way of rights to ordinary holders, began at £2 premium and closed at £3½ premium, after a fair business.

A good two-way trade in investment currency ended with buyers having the edge and the premium ¾ higher at 113¾ per cent. Much of the demand was for the purpose of investment in both U.S. and Hong Kong securities. Among Foreign Bonds, **Bulgarian** issues attracted renewed attention after Friday's flurry on news that Bulgaria was seeking to settle its pre-war debts with the West. Following general rises of between 2 and 3 points on that day, the 4½ per cent 1907 and 1909 improved a point more to £6, while some other bonds were similarly higher.

The volume of business in Traded Options again left much to be desired. Only a small interest was shown throughout and total contracts done were 272, as against last Friday's total of 480. ICI were the most active, with 132 deals with the new July 420 series again popular, recording 62 contracts done.

Further demand lifted **Eurotherm** 6 to 160p, but **Thames Plywood** made a relatively quiet re-introduction, trading between extremes of 36p and 38p before settling at 36p compared with the placing price of 34p.

Banks better

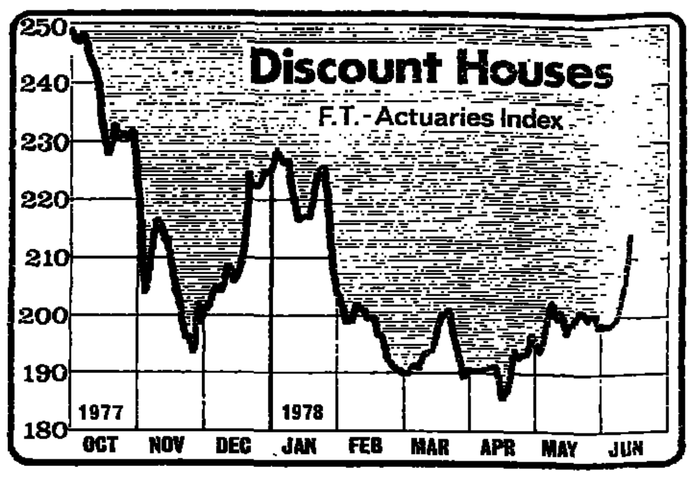
The prospect of improved profit margins following Friday's round of base lending rate increases and the higher charges announced by Lloyds, attracted buyers to the major clearing banks which closed at, or near, the day's best. **Midland** closed 10 to the good at 360p and **Lloyds** finished 7 higher at 277p as did **Barclays**, at 332p. **NatWest** ended 5 harder at 270p. Discounts took last Friday's good gains a stage further with sentiment still buoyed by the renewed strength of gilts. **Union** rose 15 to 325p and **Gillett Bros.** gained 8 to 218p, while *Jessel Toynbee improved* 6 to 65p. **Guinness Peat** improved 9 to 253p, *after 260p, in response* to Press comment but **Hill Samuel** cheapened a penny to 86p following the results. Hire Purchases made progress with **UDT** notable for a rise of 3 to 38p.

Insurances closed with some useful gains. **Royals** put on 10 to 362p. **General Accident** improved 8 at 218p and **Guardian Royal Exchange** added 6 to 222p. **Commercial Union** and **Eagle Star** both put on 5 to 150p and 141p respectively.

Although closing on a firm note, price movements in Breweries were usually restricted to a penny or two. **Guinness**, interim results due on Friday, hardened 3 to 172p, while **Allied** closed 2 better at 87p and **Scottish and Newcastle** a penny firmer at 66½p.

Initially dull on the Price Commission's recommendation that the increase of 10 per cent in the price of cement should be deferred until early next year, **Blue Circle** recovered from 233p to finish 5 higher on balance at 243p. Elsewhere in Buildings, *Heywood Williams firmed 5 to a* 1978 peak of 117p on small buying in a thin market and similarly **Brown and Jackson** added 2 at 104p. **Francis Parker** put on 2 to 15p after newspaper mention, while the Board's optimistic statement left **Leyland Paint** 1½ to the good at 71½p. In contrast, **Magnet and Southerns** encountered small selling and closed 10 lower at 190p. **London Brick** eased 2 to 68p, while **Milbury** were lowered 6 to 100p reflecting business late.

Albright and Wilson moved 7 higher to 157p on hopes that the offer from Tenneco might forego a Monopolies Commission reference until dealings were suspended at 1 pm pending an announcement. Respective improvements of 5 and 8 were recorded in **ICI**, 392p, and **Fisons**, 358p, but **Plysu** finished 2 lower at 72, following disappointment with the profits.



In otherwise quiet *Televisions*, **Ulster A** rose 9 to a 1978 peak of 69p following Press comment.

Late publication of the retail *sales figure for May encouraged* small after-hours' buying of the Store leaders which settled at the *best of the day*. Elsewhere, **Combined English**, additionally helped by Press comment, closed 4 to the good at 97p and **Mothercare** closed a similar amount dearer at 160p. Press comment ahead of tomorrow's results *prompted a fresh improvement of* 4 to 265p in **Allied Retailers**, while **Foster Bros.** put on 5 to 117p in reply to the chairman's annual statement.

Occasional firm spots in Electricals included **Ever Ready**, up 4 at 151p, **GEC** 6 higher at 266p, and **Thorn Electrical**, similarly dearer at 330p. **BICC** closed a penny harder at 113p, sentiment being little affected by news that the company along with three other concerns is to repay a total of £9m to the GPO for past telephone cable sales. Speculative demand lifted **Farnell Electronics** 6 to 282p and **Forward Technology** 7 to 133p, but renewed selling left **Pye Holdings** 3 cheaper at 95p.

An investment recommendation helped **Hawker** improve 4 to a 1978 high of 226p among quietly firm Engineering leaders. **Tubes** also put on 2 to 374p and **GKN** firmed 3 to 256p. Elsewhere, the Board's rejection of Armstrong Equipment's offer helped **Cornercroft** improve 3 late to 65p, while **Fluidrive** hardened 2 to 78p following rejection of Thomas Tilling's bid. **Simon** improved 5 to 230p in reply to the chairman's encouraging statement at the annual meeting, while **WGI** edged forward a penny to 106p reflecting the higher annual earnings. Further consideration of the interim figures brought a gain of 3 to 70p in **Camford**.

Awaiting Thursday's interim statement, **Tate and Lyle** improved 6 to 174p. Elsewhere in Foods, Press comment directed attention to **Linfood**, the ordinary rising 4 to 144p and the 12 per cent convertible 1½ points to £102½. Gains of 4 were seen in **J. Sainsbury**, 185p xd, and **J. Lyons**, 108p, while renewed speculative interest raised **Rakusen** *a penny to 18½p*. **Associated British Foods**, however, closed a shade easier at 69p, after 68p, *after the preliminary figures*.

Hotels and Caterers were featured by activity in **Trust Houses Forte**, which closed 11 better at a 1978 peak of 219p on the Price Commission's decision to allow part of company's proposed interim price increases. **Prince of Wales** were firm at 165p, up 7, reflecting small buying in a restricted market.

Miscellaneous Industrial leaders encountered a modest demand which was sufficient to lift **Beecham** 10 to 643p and raise **Turner and Newall** 5 to 178p. **Reed International**, a firm market last week following publicity given to brokers' favourable circulars, moved up 6 more to 132p xd, while **Unilever** closed a like amount higher at 532p. Elsewhere, **New Equipment** rose 5¾ to 20½p after further speculative support in a thin market. Demand of a similar nature left **Office and Electronic** 3 better at 119p and **Pauls and Whites** 5 *to the good* at 127p. **Lindsay and Williams** saw support at 46p, up 3, and **Whitecroft** were favoured at 206p, up 6. In front of today's preliminary results **Johnson Matthey** put on 3 at 435p, while *Press* mention prompted a rise of 2 to 60p in **Lawtex**. The Price Commission's report on footwear distribution helped **Sears** close up 5 at 71½p. **Rockware** finished 7 higher at 143, reflecting renewed speculative support.

Pennine Motor provided a good late spot in Motors and Distributors, finishing 2½ harder at 13½p following news that a large block of shares had changed hands. **Heron Motor** took the recent market re-rating a stage further, the ordinary advancing 12 to 148p in a restricted market and the 10 per cent convertible 30 points to £235. **Appleyard** edged forward 2 to 95p on moves to rationalise the Leyland franchise situation in Aberdeen, while **Reliant**, results due on June 23, hardened a penny to 12p. Buyers were also interested in **Group Lotus**, 3 up at 53p, and **Dowty**, 5 higher at 207p.

Initially 5 easier at 235p, **Associated Book Publishers** rebounded on late demand to close 3 higher on balance at 243p. Small buying left **Benn Brothers** 4 better at 71p, but **W. N. Sharpe** reacted 5 to 193p after recent firmness on the capital reorganisation plans.

Properties passed a quietly firm session with **Land Securities**, dull of late on trading news, recovering 4 to 205p xd and **MEPC** adding a couple of pence at 122p. **Berkeley Hambro** firmed 8 to 109p xd on the announcement that its wholly-owned subsidiary, Berkeley Hambro (Hong Kong) had disposed of its share stake in **Swire Properties**; Swire closed 4 higher at 61p. **Property and Reversionary A** put on 8 to 300p in response to the results, while **Great Portland Estates** improved 2 *to 300p* awaiting today's preliminary statement. **Apex** were marked 5 higher to 205p on small *buying in a thin market*, but **Country and New Town** shed 2 to 23½p ahead of tomorrow's full-year figures. In like circumstances, **Avenue Close** eased a penny to 70p.

Oils remained neglected and closed little changed. **British Petroleum** eased marginally to 856p and **Shell** finished unchanged on balance at 550p, after 554p. **Ultramar**, however, firmed 4 to 270p as did **Tricentrol** to 186p. Recent speculative favourites **Siebens (UK)**, 350p, and **Oil Exploration**, 250p, managed modest improvements, while **Attock** added 2 more at 94p. Following the deferred bid approach from Mr. Travis Ward, **KCA International** rose 3 to 27p on speculative demand. Elsewhere, a firmer trend in Sydney and Melbourne markets saw **Magnet Metals** firm 2 to 24p, after 25p.

Overseas Traders had an isolated dull feature in **Ocean Wilsons** which fell 7 to 88p in the late trade on disappointment with the preliminary figures. **James Finlay**, still reflecting trading news, rose 9½ to 361p xd while **Boustead**, 38p, and **Australian Agricultural**, 102p, put on 3 and 7 respectively. **S. and W. Berisford** *improved 7 more to a 1978 peak* of 139p in anticipation of Thursday's interim results.

Investment Trusts attracted a better business and closed firmly. **Caledonia Investments** rose 4 to 250p, while more modest gains were seen in **Alliance Investment**, 93p, and **Australian and International**, 99p. **Investment Trust Corporation** continued firmly, hardening 2 to 255p for a two-day rise of 8 on continuing speculation about the outcome of the recent bid approach. Notable movements in Financials included **London European**, 2 up at 29p, and **Kwahu**, 4 to the good at 23p.

British and Commonwealth, which is expected to report preliminary figures soon, rose 4 to a 1978 peak of 303p in an otherwise neglected Shipping section.

Textiles adopted no set pattern. **Shaw Carpets** closed 3½ better at 35p, but small offerings left **Richards Bros.** 3 off at 20p, and **Parkland Textile "A,"** 6 cheaper at 72p xd.

Jokai Tea improved afresh and closed 13 to the good at 320p, while other Plantations were quietly firm.

Western Mining rise

Australians were the only section of mining markets to attract any sizeable demand. Favourable Press comment inspired by the rich copper values recently encountered at the Benambra copper-zinc-silver prospect prompted a persistent heavy demand for **Western Mining** which advanced strongly to close a further 10 better at a year's high of 158p—an improvement of 31p over the past four trading days.

Other Australian issues also gained ground influenced by the upsurge in Western Mining and *the continuing strength of overnight* Sydney and Melbourne markets.

Among base-metal miners **North Broken Hill** were actively traded and finally 11 firmer at a 1978 high of 141p, while **Conzinc Riotinto** put on 8 to 238p and **MIM Holdings** 6 to a high of 216.

Coal stocks were equally firm. **Thiess Holdings** put on 12 to 240p; **Utah Mining Australia** 10 to 380p and **Oakbridge** 2 to a high of 166p.

Uraniums were featured by **Pancontinental**, a half-point higher at £14½ and **EZ Industries**, 20 up at 235p. Speculative issues to register substantial gains included **Tasminex** which rose 5 to 75p.

The partners in the Rundle oil shale deposits also made headway; following the meetings held on Friday **Central Pacific Petroleum** climbed 50 to 720p and **Southern Pacific Petroleum** 10 to 255p.

In contrast with Australians South African Golds and Financials were subdued reflecting the 25 cents fall in the bullion price to $181.375 per ounce.

However modest "cheap" buying in front of the dividend declarations from the Gold Fields and Anglo American gold mines enabled prices to show fractional gains overall.

The Gold Mines index hardened 0.3 to 158.2.

In the London-registered Financials Charter responded to Press mention and improved 4 to 143p ex-dividend, but profit-taking coupled with a downturn in copper prices left **Rio Tinto-Zinc** 4 cheaper at 228p.

Elsewhere, Canadian and London buying lifted **Anglo United Development** 22 to 188p and **Sabina** 3 to a new high for the year of 54p.

FINANCIAL TIMES STOCK INDICES

—	June 12	June 9	June 8	June 7	June 6	June 5	A year ago
Government Secs	70.79	70.26	69.68	69.20	68.85	68.79	[illegible]
Fixed Interest	72.86	71.70	71.19	70.88	70.73	70.82	[illegible]
Industrial Ordinary	472.2	465.9	469.3	474.9	477.7	474.3	448.1
Gold Mines	158.2	157.9	161.0	158.6	155.9	154.0	109.0
Ord. Div. Yield	5.61	5.66	5.64	5.58	5.56	5.58	[illegible]
Earnings Y'ld% (full)(*)	16.36	16.51	16.38	16.22	16.15	16.22	[illegible]
P/E Ratio (net)(*)	8.18	8.10	8.16	8.24	8.29	8.24	[illegible]
Dealings marked	4,967	4,652	5,203	4,632	4,644	4,644	[illegible]
Equity turnover £m	—	89.29	78.84	72.67	66.75	55.56	42.28
Equity bargains total	—	19,297	17,261	15,016	15,076	14,328	12,288

10 am 468.7. 11 am 469.2. Noon 469.2. 1 pm 469.8.
2 pm 470.2. 3 pm 470.3.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=8.02.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 [illegible]	130.3 [illegible]	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 12	June 9
Daily		
Gilt-Edged	221.4	150.6
Industries	152.3	168.1
Speculative	50.3	43.4
Totals	113.1	109.3
5-day Average		
Gilt-Edged	170.9	156.7
Industrials	162.4	164.4
Speculative	43.9	40.4
Totals	109.2	107.8

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (144)

AMERICANS (11)
CANADIANS (7)
BANKS (4)
BEERS (1)
BUILDINGS (4)
CINEMAS (1)
DRAPERY & STORES (9)
ELECTRICALS (6)
ENGINEERING (13)
FOODS (1)
HOTELS (3)
INDUSTRIALS (23)
MOTORS (7)
NEWSPAPERS (2)
PAPER & PRINTING (3)
PROPERTY (5)
SHIPPING (2)
SOUTH AFRICANS (1)
TEXTILES (4)
TRUSTS (17)
OILS (1)
OVERSEAS TRADERS (3)
TEAS (4)
MINES (12)

NEW LOWS (9)

CORPORATION LOANS (1)
L.C.C. 6½pc '88-90
LOANS (1)
ICFC 7¼pc A Db. 1989-92
BUILDINGS (4)
Benlox
Curt Boulton
Mowlem (J.)
Orme Devlps.
CHEMICALS (2)
ICI 5pc Pf.
Plysu
CINEMAS (1)
Scottish TV A

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	71	—	[illegible]
Corpns. Dom. and Foreign Bonds	37	—	[illegible]
Industrials	442	227	[illegible]
Financial and Prop.	152	52	[illegible]
Oils	[illegible]	4	[illegible]
Plantation	11	4	[illegible]
Mines	46	28	[illegible]
Recent Issues	6	7	22
Totals	776	328	1,327

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	11	392	+ 5	396	318
BATs Dfd.	25p	10	285	+ 1	298	227
Howden (A.) 'New'	10p	9	12pm	+ 2	14pm	9pm
BP	£1	8	856	− 2	892	720
Shell Transport	25p	8	550	—	586	484
Tate & Lyle	£1	8	174	+ 6	218	166
Western Mining	$A0.50	8	158	+10	158	84
Barclays Bank	£1	7	332	+ 7	358	296
GEC	25p	7	266	+ 6	278	233
Lloyds Bank	£1	7	277	+ 7	297	242
Sears Holdings	25p	7	71½	+ 5	74½	54½
Albright & Wilson	25p	6	157†	+ 7	166	86
Grand Met.	50p	6	109	+ ½	117½	87
Lucas Inds.	£1	6	317	+ 2	318	240
Tricentrol	25p	6	186	+ 4	186	130

† Price at suspension.

APPOINTMENTS

Group executive changes at National and Commercial

NATIONAL AND COMMERCIAL BANKING GROUP states that **Sir Michael Herries**, at present group deputy chairman and chairman of the Royal Bank of Scotland, will become group chairman on October 1 when **Sir James Blair-Cunynghame** retires from executive responsibilities. Sir James will be succeeded as chairman of Williams and Glyn's Bank by Sir *George Kenyon, at present* a deputy chairman. Sir Michael is to continue as chairman of the Royal Bank of Scotland and will become a deputy chairman of Williams and Glyn's. Sir James will remain a director of National and Commercial Banking Group and the two member banks.

Sir George Kenyon

Sir Michael Herries

Mr. J. W. T. Cooper, deputy head of information at the Ministry of Overseas Development, has been appointed director of the Overseas Press and Radio Division of the CENTRAL OFFICE OF INFORMATION from July 3. *Before joining ODM in 1966, Mr.* Cooper worked on the Times newspaper and was a regular broadcaster on both the overseas and domestic services of the BBC.

★

Mr. Angus M. Fraser, at present a Commissioner of Customs and Excise, is to be a deputy chairman of CUSTOMS AND EXCISE from July 1. He will succeed **Mr. John M. Woolf**, who is retiring from the public service. Deputy chairmen of Customs and Excise are deputy secretary posts.

★

Dr. H. J. Witteveen *who is to* resign as managing director of the INTERNATIONAL MONETARY FUND on June 17, will be appointed as an advisor to the Board of managing directors of AMSTERDAM - ROTTERDAM BANK (Amro Bank) from January 1, 1979.

★

Mr. Gerald Draper, director of commercial operations at British Airways, has accepted an invitation from the Minister of State, Civil Service Department, to become chairman of the independent ADVISORY COMMITTEE ON ADVERTISING. The Committee guides the COI, the Scottish Office, the Department of National Savings and the Civil Service Department on policies regarding the selection of advertising agencies to handle government advertising campaigns, and on policies ensuring cost-effectiveness in all paid-for media activities.

Mr. Draper succeeds **Sir David Barran** as chairman following the policy of appointing new chairmen about every three years.

★

Mr. D. W. Bulstrode and **Mr. M. R. Turner** have been appointed additional directors of MARLER ESTATES.

★

Mr. Arthur Walsh has been appointed managing director of HUNT HEAT EXCHANGERS, a subsidiary company of Hunt and Moscrop (Middleton).

★

GREENHAM HUMIDITY CONTROL, previously a division of Greenham Construction Equipment, has been formed into a wholly owned subsidiary of the Greenham Group. Its Board consists of **Mr. R. H. Cogswell** (chairman), **Mr. T. M. S. Winfield** (managing director), **Mr. A. S. Potter** and **Mr. I. W. Boyd**.

★

Sir Mark Henig has accepted *reappointment as chairman of the* ENGLISH TOURIST BOARD for a limited period of one year from September 1.

★

Bridon has appointed **Mr. Philip Walker** as general manager of BRIDON WIRE, a subsidiary, from July 1, responsible to the managing director, **Mr. J. W. Naylor**. Mr. Walker is at present managing director of Darlington Wire Mills.

★

Mr. Clive Ridyard has been elected president of the LONDON PRINTING INDUSTRIES ASSOCIATION. **Mr. E. A. Crannis** and **Mr. S. A. Henderson** are vice-presidents and **Mr. H. H. Caldwell**, honorary treasurer.

★

Mr. M. C. J. Jackaman has been appointed a director of ALLIED BREWERIES and marketing director of the beer division of Allied Breweries (UK). **Mr. P. N. Bonham-Carter**, a director of the company, has taken up a new position as director of marketing, licensed houses, in the beer division. Mr. Jackaman has relinquished his responsibilities as deputy chief executive of Harveys of Bristol and John Harvey and Sons and has been succeeded by **Mr. J. G. Squirrell**, who is a director of those companies. **Mr. J. J. Palmer** has joined the Boards of the Harvey companies *to take over* Mr. Squirrell's duties as the UK marketing and sales director.

★

Mr. Mike Knowles has been appointed managing director of OSMAN TEXTILES, a member of the Tootal Group. He was previously with the Vantona Group.

★

Mr. Nicholas Heroys has been appointed a director of McCORQUODALE AND CO.

★

Mr. R. C. de Wiart Walker has resigned as a non-executive director of MATTHEW BROWN AND CO. because of his overseas commitments.

★

Mr. ***Philip F. Banks*** *has* been appointed managing director of A. T. KEARNEY, London. Recently elected a vice president of the parent U.S. company, Mr. Banks is the first U.K. person to be appointed to that position. He succeeds **Mr. Walter J. Schroeder** who has been made chairman of the UK company. Mr. Schroeder will return to the U.S. and take charge of Kearney's U.S. West Coast operations in the New Year.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 7	Jun. 20	Aug. 31	Sep. 14
Jun. 20	July 4	Sep. 14	Sep. 28
July 14	July 18	Sep. 28	Oct. 12

For rate indications see end of Share Information Service

Money was given for the call of **Bath and Portland, Burmah Oil, English Property, Western Mining, KCA International, Barker and Dobson, Pentland, UDT, Britannia Arrow, William Press, Spillers, Premier Consolidated Oil, Lonrho** and **Talbex**. A put was done in **Staflex International**, while doubles were arranged in **Barker and Dobson** and **Staflex International**.

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	119	—	130	—	150	—	855p
BP	800	70	—	89	—	114	—	..
BP	850	30	—	51	—	85	—	..
BP	900	10	—	29	—	58	—	..
Com. Union	140	13½	—	21	—	25	—	150p
Com. Union	160	3	—	9½	—	14½	7	..
Cons. Gold	160	18	3	26	—	29	—	176p
Cons. Gold	180	6	—	14½	—	20	5	..
Courtaulds	100	25	—	28½	—	30	—	123p
Courtaulds	110	16	—	20½	—	22	—	..
Courtaulds	120	8½	—	14	—	16	—	..
Courtaulds	130	4½	—	9	—	11½	—	..
GEC	220	49	2	54	—	60	2	265p
GEC	240	29	—	37	—	45	—	..
GEC	260	12	—	23½	—	32	—	..
GEC	280	4	5	13½	—	22	1	..
Grand Met.	100	12	—	16	—	19½	5	109p
Grand Met.	110	5½	—	10	2	14	5	..
Grand Met.	120	2¾	10	5¾	7	10	16	..
ICI	330	64	23	70	—	73	2	393p
ICI	360	36	2	41½	7	52	5	..
ICI	390	11½	—	20½	11	33½	5	..
ICI	420	3	62	9	15	19	—	..
Land Secs.	180	26½	5	32	2	35	—	205p
Land Secs.	200	9	2	16½	—	22½	1	..
Land Secs.	220	2	—	8	—	13½	—	..
Marks & Sp.	120	25	3	28	2	30	1	141p
Marks & Sp.	140	7½	—	13	25	16	—	..
Marks & Sp.	160	2	—	5½	—	10½	12	..
Shell	500	61	—	78	—	84	—	550p
Shell	550	16	5	40	—	52	—	..
Shell	600	5½	5	16	7	27	—	..
Totals			127		78		67	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
75	F.P.	—	92	[illegible]	Bramall (C.D.)	90	−1	4.5	3.1	7.6	4.8
100	F.P.	7/7	161	132	[illegible]	160	+6	b4.64	4.1	2.5	15.2
—	§34	—	[illegible]	36	Thames Plywood	36	....	‡2.0	2.3	8.4	7.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
$100	F.P.	—	[illegible]	[illegible]	Amer. Express Int. Fin. Variable [illegible]	[illegible]	......
100p	F.P.	30/6	110p	100p	[illegible] 10½% [illegible] Cum. Pref.	100xd	−2½
••	F.P.	—	98p	97p	Automotive Prods. 9% Pref.	97p	......
£98	£10	22/9	12	9¾	Barnet 12% Red. 1987	12	+1
100p	[illegible]	—	104p	100p	[illegible] Pref.	102p	......
••	F.P.	—	98p	98p	Clive Discount 9½% Cum. Pref.	98p	......
••	F.P.	—	97p	97p	Dewhirst (I.J.) 9½% Cum. Pref.	97p	......
£100			100½	100⅛	Edinburgh (City of) Var. Rate 1983	100⅛	......
[illegible]	£10	28/7	10½	10¼	Essex Water 7½% Red. Pref. 1983	10¼	......
[illegible]	F.P.	—	£3pm	£2pm	Fairview Ests. 13.85% Deb.	£3½pm	......
••	F.P.		99p	99p	Greenfield Millets 10% Cum. Pref.	99p	......
£99	£50	25/8	[illegible]	[illegible]	[illegible]	49¼	+1
••	F.P.	11/8	101	[illegible]	Liberty & Co. 8.5% Prf.	99¼	......
100p	—	23/6	[illegible]	97½	Pillar [illegible] Cum. Prf.	97½p	......
••	F.P.	30/6	105	104	Prestige 10½% Cum. Pref.	105	......
••	F.P.	7/7	100	[illegible]	Quick (H. & J.) 10% Prf.	100	....
••	F.P.	—	100p	99p	Smith St. Aubyn 9½% Cum. Pref.	99p	......
£100	F.P.	26/6	101	95	[illegible] 12½% Cnv. Uns. Ln. [illegible]	95	1
£98¼	£1	1/9	10¼	[illegible]	Tyne & Wear 12% Red. 1986	10½	+¼
••	F.P.	16/6	[illegible]	100p	Wade Potteries 10% Pref.	100	....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
20p	Nil	13/6	7/7	169pm	156pm	Brent Chemicals	166pm	.....
66	F.P.	26/5	23/6	[illegible]	[illegible]	Brown Boveri Kent	58	−1
C$24	F.P.	—	—	51pm	33pm	Canadian Imperial Bnk.	44pm	....
20p	Nil	9/6	7/7	68	[illegible]	Centre Manufacturing	66	
70p	Nil	16/6	21/7	29pm	25pm	Dobson Park Inds.	24pm	−½
115.06	Nil	—	—	20pm	17pm	[illegible]	20pm	
..				113	113	Fairview Ests.	113	......
84	Nil	22/6	19/7	15pm	10pm	Hestair	13pm	+1
72	F.P.	26/5	23/6	102	95	[illegible]	93	−2
145	Nil	16/6	21/7	18pm	9pm	Howden (Alexander)	12pm	+2
545	F.P.	31/5	30/6	414	[illegible]	Rowntree Mackintosh	407	−5
20p	F.P.	5/6	17/7	26½	23½	[illegible]	24	....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon., June 12, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. June 9 Index No.	Thurs. June 8 Index No.	Wed. June 7 Index No.	Tues. June 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	214.65	+0.6	17.52	5.60	7.96	213.26	213.40	214.94	215.07	177.91
2	Building Materials (28)	187.83	−0.1	18.30	5.77	7.81	188.00	188.41	190.72	190.34	150.13
3	Contracting, Construction (26)	346.48	—	19.85	3.94	7.32	346.63	348.79	351.55	351.09	251.85
4	Electricals (15)	457.25	+1.6	15.02	3.88	9.42	449.94	449.36	452.07	453.39	341.79
5	Engineering Contractors (14)	317.59	+0.5	18.55	6.43	7.30	316.04	316.24	317.87	319.04	[illegible]
6	Mechanical Engineering (71)	175.25	+0.6	18.28	6.11	7.44	174.18	174.12	174.94	175.12	161.61
8	Metals and Metal Forming (17)	163.28	+0.4	17.47	8.59	7.82	162.60	162.61	164.05	163.81	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (52)	197.44	+1.0	16.89	4.86	8.33	195.48	195.06	197.37	196.89	[illegible]
12	Lt. Electronics, Radio TV (15)	230.19	+1.1	15.20	3.75	9.27	227.77	227.53	231.49	230.60	[illegible]
13	Household Goods (12)	179.73	+0.4	16.01	6.30	8.58	179.00	178.33	177.78	177.06	[illegible]
14	Motors and Distributors (25)	126.36	+1.1	19.57	6.16	7.20	125.04	124.62	125.52	125.51	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	201.06	+0.8	16.02	5.82	8.47	199.56	199.98	202.59	202.06	167.13
22	Breweries (14)	228.93	+1.1	14.90	5.92	9.65	226.50	229.19	233.08	234.50	[illegible]
23	Wines and Spirits (6)	254.24	+0.9	15.91	5.67	9.53	251.92	252.70	258.76	258.95	188.55
24	Entertainment, Catering (17)	257.22	+1.5	14.60	6.63	9.92	253.35	257.77	261.88	262.46	209.81
25	Food Manufacturing (22)	197.17	+0.6	19.74	5.63	6.70	196.02	194.77	196.48	196.11	174.52
26	Food Retailing (15)	199.77	+0.1	14.62	5.03	9.51	199.59	197.82	201.07	200.07	167.88
32	Newspapers, Publishing (13)	371.66	—	10.75	3.34	13.27	371.61	371.68	375.23	376.69	[illegible]
33	Packaging and Paper (15)	133.08	+0.8	19.98	7.95	6.60	131.97	132.52	133.14	131.52	128.79
34	Stores (39)	177.84	+0.7	11.85	4.58	12.38	176.60	177.14	180.12	180.57	145.21
35	Textiles (25)	181.15	+1.2	17.20	7.64	7.65	178.93	180.04	181.69	181.63	165.97
36	Tobaccos (3)	252.29	+0.4	21.91	7.42	5.42	251.21	249.81	251.39	253.46	213.86
37	Toys and Games (6)	107.75	+0.8	18.87	5.79	6.47	106.88	107.55	107.38	107.21	99.86
41	OTHER GROUPS (97)	198.56	+1.0	16.30	5.75	8.05	196.66	197.14	198.85	199.64	170.95
42	Chemicals (19)	285.55	+1.4	17.46	6.12	7.78	281.68	281.55	284.69	285.99	[illegible]
43	Pharmaceutical Products (7)	256.61	+0.3	11.54	3.99	10.83	255.73	256.60	258.65	259.38	[illegible]
44	Office Equipment (6)	134.14	+0.6	17.86	4.84	6.63	133.28	133.60	135.81	137.11	[illegible]
45	Shipping (10)	432.20	+0.4	18.40	7.28	6.59	430.28	430.20	431.75	442.23	[illegible]
46	Miscellaneous (55)	204.16	+1.1	17.31	6.36	7.77	201.95	203.11	204.25	203.94	174.90
49	INDUSTRIAL GROUP (495)	210.42	+0.8	16.51	5.68	8.22	208.75	209.07	211.26	211.58	178.56
51	Oils (5)	486.68	−0.1	15.17	4.06	7.15	487.08	493.72	495.33	496.98	[illegible]
59	500 SHARE INDEX	233.37	+0.7	16.31	5.44	8.04	231.83	232.61	234.79	235.21	203.44
61	FINANCIAL GROUP (100)	164.10	+1.8	—	5.70	—	161.20	162.44	164.36	164.79	136.04
62	Banks (6)	189.51	+2.1	24.97	5.69	6.06	185.55	187.68	190.62	189.29	152.98
63	Discount Houses (10)	213.52	+4.2	—	8.22	—	204.82	199.13	198.72	198.35	165.17
64	Hire Purchase (5)	142.16	+1.4	13.76	5.77	10.76	140.14	140.22	141.34	140.60	129.54
65	Insurance (Life) (10)	135.78	+1.5	—	6.71	—	133.75	134.87	137.49	137.89	106.13
66	Insurance (Composite) (7)	126.18	+2.9	—	6.76	—	122.57	123.64	125.18	126.08	109.08
67	Insurance Brokers (10)	329.08	+1.9	14.17	4.76	10.11	323.00	324.13	328.77	330.34	289.51
68	Merchant Banks (14)	80.65	+0.6	—	6.05	—	80.20	80.10	81.09	81.63	[illegible]
69	Property (31)	232.47	—	3.08	3.18	58.94	232.36	234.79	235.32	238.15	189.97
70	Miscellaneous (7)	109.64	+1.1	23.95	7.36	5.78	108.40	108.13	108.50	108.03	87.55
71	Investment Trusts (50)	209.22	+0.2	3.24	5.09	30.85	208.70	208.81	209.91	209.29	167.83
81	Mining Finance (4)	100.80	−0.8	17.15	6.90	7.04	101.59	102.07	102.12	100.36	88.51
91	Overseas Traders (19)	312.11	+0.7	16.60	6.82	7.38	309.91	311.33	313.86	312.97	275.85
99	ALL-SHARE INDEX (673)	215.29	+0.8	—	5.52	—	213.57	214.43	216.43	216.71	185.51

FIXED INTEREST PRICE INDICES

	British Government	Mon June 12	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.03	+0.53	—	4.51
2	5-15 years	115.38	+0.52	—	4.54
3	Over 15 years	122.15	+0.85	—	5.65
4	Irredeemables	126.37	+1.11	—	6.30
5	All stocks	113.60	+0.67	—	4.96

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Mon. June 12	Fri. June 9	Year ago (approx.)
1	Low Coupons	5 years	8.70	8.85	7.54
2		15 years	10.78	10.92	11.12
3		25 years	11.45	11.55	12.21
4	Medium Coupons	5 years	11.30	11.32	10.14
5		15 years	12.02	12.11	12.88
6		25 years	12.08	12.24	12.60
7	High Coupons	5 years	11.26	11.49	10.97
8		15 years	12.50	12.63	13.07
9		25 years	12.87	12.98	13.28
10	Irredeemables		11.61	11.74	12.37

		Monday, June 12 Index No.	Monday, June 12 Yield %	Friday June 9	Thurs. June 8	Wed. June 7	Tues. June 6	Mon. June 5	Friday June 2	Thurs. June 1	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.11	12.96	56.94	56.72	57.11	57.14	57.22	57.27	57.34	55.45
16	Investment Trust Prefs. (15)	52.94	13.38	52.61	52.32	52.23	52.23	52.23	52.91	52.91	51.01
17	Coml. and Indl. Prefs. (20)	71.37	12.99	71.54	71.54	71.57	71.49	71.52	71.52	71.66	70.10

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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INSURANCE, PROPERTY, BONDS

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Equity Fund	36.2	38.2	.....	—
Equity Acc.	30.4	32.1	.....	—
Property Fd.	147.2	155.0	.....	—
Property Acc.	153.3	161.4	.....	—
Selective Fund	88.4	93.1	.....	—
Convertible Fund	130.1	137.0	.....	—
Money Fund	120.9	127.3	.....	—
Pens. Property	172.7	181.8	.....	—
Pens. Selective	83.6	88.1	.....	—
Pens. Security	135.6	142.8	.....	—
Pens. Managed	175.1	184.4	.....	—
Pens. Equity	157.3	165.6	.....	—
Prop. Fd. Ser. 4	126.2	132.9	.....	—
Man. Fd. Ser. 4	132.7	139.7	.....	—
Equity Fd. Ser. 4	33.9	35.7	.....	—
Conv. Fd. Ser. 4	111.2	117.1	.....	—
Money Fd. Ser. 4	109.1	114.9	.....	—

Prices at June 6. Valuation normally Tuesday.

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	188.6	198.1	.....	—
Fixed Int. Acc.	135.7	142.8	.....	—
Gtd. Money Fd. Ac.	114.0	119.0	.....	—
Intl. Man. Fd. Acm.	104.2	109.6	.....	—
Prop. Fd. Acc.	108.1	113.8	.....	—
Multiple Inv. Acc.	160.9	169.3	.....	—
Equity Pen. Fd. Acc.	212.8	224.0	.....	—
Fixed I. Pen. Acc.	171.0	179.9	.....	—
Gtd. Mon. Pen. Acc.	128.4	135.1	.....	—
Intl. Mn. Pn. Fd. Acc.	110.1	115.9	.....	—
Prop. Pen. Acc.	122.1	128.5	.....	—
M'ple Inv. Pen. Acc.	196.3	206.6	.....	—

AMEV Life Assurance Ltd.
Alma Hse., Alma Rd., Reigate. Reigate 40101.

AMEV Managed	135.8	143.1	.....	—
AMEV Mgd. 'B'	115.9	122.0	.....	—
AMEV Money Fd.	104.7	110.2	.....	—
AMEV Equity Fd.	109.5	115.4	.....	—
AMEV Fixed Int.	89.4	94.2	.....	—
AMEV Prop. Fd.	96.8	102.0	.....	—
AMEV Mgd. Pen. Fd.	97.7	102.9	.....	—
AMEV Mgd. Pen. 'B'	98.1	103.3	.....	—
Flexiplan	97.9	103.1	.....	—

Arrow Life Assurance
30, Uxbridge Road, W.12. 01-749 9111

Sel. Mk. Fd. Cp. Unt.	82.9	87.7	.....	—
Sel. Mk. Fd. St. Unt.	98.8	104.4	.....	—
Pen. Mgd. Fd. Eq.	120.1	126.9	.....	—
Pen. Mgd. Fd. F.I.	110.9	114.4	.....	—

Barclays Life Assur. Co. Ltd.
252 Romford Rd., E.7. 01-534 5544

Barclaybonds*	123.6	130.2	.....	—
Equity	115.7	121.8	+0.5	—
Gilt-edged	110.7	116.6	+0.8	—
Property	102.7	108.2	.....	—
Managed	109.3	115.1	+0.4	—
Money	98.4	103.6	+0.1	—
Man. Pens. Accum.	95.5	100.6	.....	—
Do. Initial	94.4	99.4	.....	—
Gilt Edg. Pens. Acc.	93.1	98.0	.....	—
Do. Initial	90.6	95.4	.....	—
Money Pens. Acc.	100.0	105.3	.....	—
Do. Initial	97.3	102.5	.....	—

*Current unit value June 13.

Beehive Life Assur. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Blk. Horse June 1	128.76		.....	

Canada Life Assurance Co.
2-6 High St., Potters Bar, Herts. P.Bar 51122

Eqty. Gth. Fd. June 2	60.3		.....	—
Retmt. Fed. June 6	119.3		.....	—

Cannon Assurance Ltd.
1, Olympic Wy., Wembley HA9 0NB 01-902 8876

Equity Units	£15.99	—	.....	—

General Portfolio Life Ins. C. Ltd.
60 Bartholomew Cl., Waltham Cross. WX31971

Portfolio Fund	136.3		.....	—
Portfolio Capital	41.7	43.8	.....	—

Gresham Life Ass. Soc. Ltd.
2 Prince of Wales Rd., B'mouth. 0202 767655

G.L. Cash Fund	96.3	101.4	.....	—
G.L. Equity Fund	105.5	111.1	.....	—
G.L. Gilt Fund	108.5	114.2	.....	—
G.L. Intl. Fund	121.3	127.7	.....	—
G.L. Ppty. Fund	96.1	101.2	.....	—

Growth & Sec. Life Ass. Soc. Ltd.
Weir Bank, Bray-on-Thames, Berks 0628-34284

Flexible Finance	£1,064		.....	—
Landbank Secs.	55.09	+0.29	.....	—
Landbank Sec. Acc.	116.4	119.5	.....	—
G & S. Super Fd.	£7.954		.....	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7107

Property Bonds	174.8	182.0	.....	—

Hambro Life Assurance Limited
7 Old Park Lane, London, W1 01-499 0031

Fixed Int. Dep.	125.0	131.6	.....	—
Equity	176.8	186.2	.....	—
Property	161.8	170.4	.....	—
Managed Cap.	139.9	147.3	.....	—
Managed Acc.	172.7	181.8	.....	—
Overseas	120.3	126.7	.....	—
Gilt Edged	122.9	129.4	.....	—
American Acc.	101.9	107.3	.....	—
Pen. F.I. Dep. Cap.	127.3	134.1	.....	—
Pen. F.I. Dep. Acc.	148.2	156.2	.....	—
Pen. Prop. Cap.	202.6	213.3	.....	—
Pen. Prop. Acc.	260.3	274.0	.....	—
Pen. Man. Cap.	205.2	216.0	.....	—
Pen. Man. Acc.	263.5	277.4	.....	—
Pen. Gilt Edg. Cap.	120.5	126.7	.....	—
Pen. Gilt Edg. Acc.	126.4	133.1	.....	—
Pen. B.S. Cap.	123.9	130.1	.....	—
Pen. B.S. Acc.	140.7	147.8	.....	—
Pen. D.A.F. Cap.		101.6	.....	—
Pen. D.A.F. Acc.		102.8	.....	—

Hearts of Oak Benefit Society
15-17, Tavistock Place, WC1H 9SM 01-387 5020

Hearts of Oak	36.4	38.5	.....	—

Hill Samuel Life Assur. Ltd.
NLA Twr., Addiscombe Rd., Croy. 01-686 4355

Property Units	152.9	160.6	.....	—
Property Series A	100.9	106.3	.....	—
Managed Units	165.8	174.6	.....	—
Managed Series A	97.9	103.1	.....	—
Managed Series C	95.7	100.8	.....	—
Money Units	120.0	126.4	.....	—
Money Series A	97.0	102.2	.....	—
Fixed Int. Ser. A	92.3	97.2	+0.7	—
Pns. Managed Cap.	140.7	148.2	.....	—
Pns. Managed Acc.	148.3	156.2	.....	—
Pns. G'teed. Cap.	105.1	110.7	.....	—
Pns. G'teed. Acc.	110.8	116.7	.....	—
Pens. Equity Cap.	97.7	102.9	.....	—
Pens. Equity Acc.	98.0	103.2	.....	—
Pns. Fxd. Int. Cap.	94.7	99.7	.....	—
Pns. Fxd. Int. Acc.	95.0	100.0	.....	—
Pens. Prop. Cap.	95.1	100.2	.....	—
Pens. Prop. Acc.	95.4	100.4	.....	—

Imperial Life Ass. Co. of Canada
Imperial House, Guildford. 71255

Growth Fd. June 9	71.9	78.2	.....	—
Pens. Fd. June 9	66.2	71.9	.....	—
Unit Linked Portfolio				
Managed Fund	94.1	99.0	.....	—
Fixed Int. Fd.	95.6	100.7	.....	—
Secure Cap. Fd.	95.8	100.9	.....	—
Equity Fund	95.9	100.9	.....	—

Irish Life Assurance Co. Ltd.
11, Finsbury Square, EC2. 01-628 8253

NPI Pensions Management Ltd.
48, Gracechurch St., EC3P 3HH. 01-623 4200

Managed Fund	149.9	156.1	.....	—

Prices June 1. Next dealing July 3.

New Zealand Ins. Co. (U.K.) Ltd.
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Inv. Plan	137.5	144.8	.....	—
Small Co's Fd.	88.4	93.1	-13.3	—
Technology Fd.	93.8	98.7	-11.3	—
Extra Inc. Fd.	90.6	95.4	-10.3	—
American Fd.	109.8	115.5	-6.2	—
Far East Fd.	104.0	109.5	-8.3	—
Gilt Edged Fd.	103.2	108.6	.....	—
Con. Deposit Fd.	96.3	101.4	.....	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

Managed Fund	210.5	221.5	+1.4	—
Equity Fund	337.6	355.3	+1.5	—
Property Fund	127.4	134.1	.....	—
Fixed Int. Fund	152.2	160.2	+2.2	—
Deposit Fund	105.4	110.9	.....	—
Nor. Unit May 15	206.6		.....	—

Phoenix Assurance Co. Ltd.
4-5, King William St., EC4P 4HR. 01-626 9876

Wealth Ass.	112.8	118.9	-0.1	—
Eb'r. Ph. Ass.	77.7		.....	—
Eb'r. Ph.Eq.E.	75.1	78.9	.....	—

Prop. Equity & Life Ass. Co.
119, Crawford Street, W1H 2AS. 01-486 0857

R. Silk Prop. Bd.	178.8		.....	—
Do. Equity Bd.	73.4		.....	—
Flex Money Bd.	147.2		.....	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon, CR9 1LU 01-680 0606

Property Fund	181.3		.....	—
Property Fund (A)	179.8		.....	—
Agricultural Fund	757.7		.....	—
Agric. Fund (A)	751.5		.....	—
Abbey Nat. Fund	153.4		.....	—
Abbey Nat. Fd. (A)	153.2		.....	—
Investment Fund	67.9		.....	—
Investment Fd. (A)	67.7		.....	—
Equity Fund	170.5		+1.7	—
Equity Fund (A)	169.9		+1.7	—
Money Fund	139.6		.....	—
Money Fund (A)	138.9		.....	—
Actuarial Fund	112.2		.....	—
Gilt-edged Fund	123.5		+1.6	—
Gilt-Edged Fd. (A)	123.5		+1.6	—
Retire Annuity	181.7		.....	—
Immed. Ann'ty	143.5		.....	—

Prop. Growth Pensions & Annuities Ltd.

All W'ther Ac. Uts.	128.9	135.6	.....	—
All Weather Cap.	122.0	128.4	.....	—
Inv. Fd. Uts.	137.0		.....	—
Pension Fd. Uts.	129.7		.....	—
Conv. Pens. Fd.	146.2		.....	—
Cnv. Pns. Cap. Ut.	132.2		.....	—
Man. Pens. Fd.	143.9		.....	—
Man. Pens. Cap. Ut.	132.8		.....	—
Prop. Pens. Fd.	145.8		.....	—
Prop. Pens. Cap. Uts.	132.9		.....	—
Bdg. Soc. Pen. Ut.	130.8		.....	—
Bldg. Soc. Cap. Ut.	120.1		.....	—

Provincial Life Assurance Co. Ltd.
222, Bishopsgate, E.C.2. 01-247 6533

Prov. Managed Fd.	113.2	119.3	.....	—
Prov. Cash Fd.	104.5	110.1	.....	—
Gilt Fund 20	116.9	123.2	.....	—
Property Fund	95.4	100.5	.....	—
Equity Fund	97.9	103.2	.....	—
Fxd. Int. Fund	95.3	100.4	.....	—

Prudential Pensions Limited
Holborn Bars, EC1N 2NH. 01-405 9222

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Capital	32.4	34.5	+0.1	4.08
Abbey Income	38.9	41.4	+0.1	5.72
Abbey Inv. Tst. Fd.	35.4	37.7	-0.1	4.17
Abbey Gen. Tst.	45.1	48.0	+0.2	3.94

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	65.1	69.6	+0.3	5.46
Brit. Inds. Fund	62.0	66.4	-0.5	5.63
Grth. & Inc.	35.9	38.4	+0.2	5.47
Elect. & Ind. Dev.	33.0	35.3	+0.1	5.01
Allied Capital	71.3	76.3	+0.5	4.35
Hambro Fund	104.0	111.3	+1.0	5.12
Hambro Acc. Fd.	118.5	126.8	+1.0	4.54
Income Funds				
High Yield Fd.	69.7	74.6	+0.3	7.99
High Income	64.4	68.9	+0.3	6.63
A.H. Eq. Inc.	38.7	41.4	+0.2	7.00
International Funds				
International	26.6	28.5	+0.2	2.38
Secs. of America	56.0	59.9	+0.1	1.92
Pacific Fund	41.8	44.7	+0.7	2.23
Specialist Funds				
Smaller Co.'s Fd.	35.4	37.9	.....	4.62
2nd Smlr. Co.'s Fd.	43.5	46.5	.....	5.12
Recovery Sits.	84.0	89.9	+0.1	6.00
Met. Min. & C'dty.	40.3	43.1	.....	5.31
Overseas Earnings	57.4	61.4	+0.3	4.56
Expt. Smlr. Co.'s	216.7	228.1	+0.2	5.26

Anderson Unit Trust Managers Ltd.
158 Fenchurch St. EC3M 6AA 623 8231

Anderson U.T.	48.8	52.4	.....	4.40

Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JA. 01-623 6376.

Inc. Monthly Fund	165.0	175.0	.....	8.90

Arbuthnot Securities Ltd. (a)(c)
37, Queen St. London EC4R 1BY 01-236 5281

Extra Income Fd.	104.8	112.7	-0.3	11.34
High Inc. Fund	41.8	44.0	.....	9.19
(Accum. Units)	55.0	59.2	.....	9.19
(8½% Wdrwl. Uts.)	55.0	59.2	.....	9.19
Preference Fund	25.3	27.3	.....	12.27
(Accum. Units)	37.7	40.5	-0.1	12.27
Capital Fund	19.4	20.8	+0.1	—
Commodity Fund	56.5	61.0	.....	5.60
(Accum. Units)	81.3	87.9	.....	5.60
(10% W'drwl. U.)	49.5	53.5	.....	5.60
Fin.&Prop. Fd.	17.4	18.8	.....	3.04
Giants Fund	40.6	43.2	+0.1	2.80
(Accum. Units)	46.9	49.9	+0.1	2.80

Gartmore Fund Managers (a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

American Tst.	30.8	33.2	+0.1	0.13
British Tst. (Acc.)	54.9	59.0	-0.8	3.41
Commodity Share	159.7	171.7	+1.8	2.70
Far East Trust	33.0	35.5	-0.2	0.88
High Income Tst.	58.5	62.9	-0.1	8.47
Income Fund	71.7	77.1	-0.5	6.33
Ins. Agencies	13.98	14.94	+0.09	3.22
Intl. Exempt Fd.	86.9	94.3	-0.5	5.98
Intl. Tst. (Acc.)	33.9	36.5	+0.5	1.27

Gibbs (Antony) Unit Tst. Mgs. Ltd.
23, Blomfield St., EC2M 7NL 01-588 4111

(a) A.G. Income*	41.2	44.2		8.30
(a) A.G. Growth	38.2	41.0		4.80
(a) A.G. Far East	23.1	24.8	+0.8	0.39

Dealing *Tues. ††Wed.

Govett (John)
77, London Wall, E.C.2. 01-588 5620

S'hldr. June 2	134.7	142.0		2.02
Do. Accum. Unit	162.0	170.8		2.02

Next dealing day June 16

Grieveson Management Co. Ltd.
59 Gresham St., EC2P 2DS 01-606 4433

Barrington June 7	204.5	213.7	.....	4.37
(Accum. Units)	221.6	231.6	.....	4.37
B'ing. H.Yd. June 8	176.6	185.0	.....	7.81
(Accum. Units)	203.1	212.7	.....	7.81
Endeav. June 6	182.4	190.7	.....	1.80
(Accum. Units)	188.9	197.5	.....	1.80
Grnchstr. June 9	99.5	104.2	.....	2.63
(Accum. Units)		107.3	108.2	
Ln. & Brls. June 7	70.6	74.0		3.96
(Accum. Units)	73.4	76.7		3.96

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN 01-628 8011

(ag) Guardhill Tst.	89.2	92.4	+0.5	4.36

Henderson Administration (a)(c)(g)
Premier UT Admin., 5 Rayleigh Road, Hutton, Brentwood, Essex. 0277-217238

U.K. Funds				
Cap. Growth Inc.	42.5	45.3	+0.2	3.54
Cap. Growth Acc.	43.0	45.8	+0.2	3.54
Income & Assets	32.5	34.6	+0.2	6.19
High Income Funds				
High Income	59.7	63.9	-0.4	8.03
Cabot Extra Inc.	57.3	60.3	+0.4	8.37
Sector Funds				
Financial & ITU	24.1	25.6	+0.1	4.47
Oil & Nat. Res.	27.7	29.5	+0.2	1.91
International				
Cabot	87.1	92.7	+0.5	2.71
International	33.3	35.5	+0.4	1.53
Wrld. Wide June 8	75.1	80.3	.....	4.58
Overseas Funds				

Perpetual Unit Trust Mngmt. (a)
48 Hart St., Henley on Thames 04912 6868

P'petual Cp. Gth.	39.8	42.7	.....	3.52

Piccadilly Unit T. Mgrs. Ltd. (a)(b)
Wardgate Hse. 595 London Wall EC2 638 0801

Extra Income	29.4	31.5	-2.5	9.90
Small Co's Fd.	37.0	39.5	-4.4	5.35
Capital Fund	42.6	45.5	-4.5	3.90
Int. Ems. & Assets	45.3	48.3	-2.6	2.80
Private Fund	34.9	37.5	-2.2	4.10
Accumltr. Fund	59.3	63.3	-4.0	3.45
Technology Fund	54.4	58.0	-3.9	4.53
Far East Fd.	26.8	28.3	-1.7	1.40
American Fund	25.3	27.0	-1.5	2.20

Practical Invest. Co. Ltd. (y)(c)
44, Bloomsbury Sq. WC1A 2RA 01-623 8893

Practical June 7	149.5	158.8		4.17
Accum. Units	211.4	224.5		4.17

Provincial Life Inv. Co. Ltd.
222, Bishopsgate, E.C.2. 01-247 6533

Prolific Units	84.8	90.8	+0.5	3.03
High Income	110.8	118.7	+0.7	7.34

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)
Holborn Bars, EC1N 2NH 01-405 9222

Prudential	124.5	132.0	+1.0	4.48

Quilter Management Co. Ltd.
The Stk. Exchange, EC2N 1HP 01-600 4177

Quadrant Gen. Fd.	107.0	110.4	.....	4.61
Quadrant Income	126.2	130.2	.....	8.00

Reliance Unit Mgrs. Ltd.
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	66.1	70.7	.....	5.82
Sekforde T. (Acc.)	42.2	45.1	+0.3	5.70
Sekforde T. Inc.	41.0	43.9	+0.2	5.70

Ridgefield Management Ltd.
PO Box 419, 38-40, Kennedy St., Manchester 061 236 8521

Ridgefield Int. UT	96.0	103.0	.....	2.72
Ridgefield Income	93.0	99.0		10.49

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury 0296 5941

N.C. Equity Fund	171.6	182.6	+1.3	2.85
N.C. Engy. Res. Tst.	115.0	122.3	-0.4	2.41
N.C. Income Fund	145.9	155.2	+0.2	6.67
N.C. Intl. Fd. (Inc.)	95.3	101.3	-0.3	1.66
N.C. Intl. Fd. (Acc.)	95.3	101.3	+0.3	1.66
N.C. Smllr. Coys Fd.	152.7	162.5	+0.4	4.15

Rothschild & Lowndes Mgmt. (a)
St. Swithins Lane, Ldn., EC4. 01-626 4356

New Ct. Exempt	£122.0	129.0	.....	3.61

OFFSHORE AND OVERSEAS FUNDS

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	115.0	119.0	.....	4.20
Next dealing date June 20				
East & Intl. Tst. (C.I.)	118.0	125.0	.....	3.00

Next sub. June 22.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney.

US$1 Shares	$US1.53		.....	—

Net Asset Value—

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US112.67	118.18	..	6.49

Prices at June 8. Next sub. day June 14.

Bnk. of Lndn. & S. America Ltd.
40-66, Queen Victoria St., EC4 01-930 2313

Alexander Fund	$US7.25	—	.....	—

Net asset value June 8.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,850	1,987	.....	7.87

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jrsy. 0534 73741

Overseas Income	48.5	51.0	.....	11.01
Unidollar Trust	$US1.29	1.36	.....	4.15*
Unibond Trust	$US9.87	100.39	.....	8.00

*Subject to fee and withholding taxes

Barclays Unicorn Int. (I. O. Man) Ltd.
1 Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	53.3	57.4	.....	1.60
Do. Aust. Min.	37.8	35.3	.....	1.70
Do. Grtr. Pacific	61.5	66.2	.....	—
Do. Intl. Income	38.5	41.5	.....	8.40
Do. I. of Man Tst.	46.3	49.8	.....	8.80
Do. Manx Mutual	26.1	28.1	.....	1.40

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *May 3	$US27.22	29.06	.....	—
CANRHO** June 5	£1.155	1.225	.....	—
COUNT** June 5	£2.512	2.665	.....	1.97

Originally issued at *$10 and **£1.00.

Bridge Management Ltd.
P.O. Box 508, Grand Cayman, Cayman Is.

N'bashi June 2	Y15,538		.....	—

G.P.O. Box 590, Hong Kong

Nippon Fd. June 7	$US15.85	16.78	.....	0.72

Ex-Stock Split.

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.23	9.26	.....	12.25
Gilt Trust (I.o.M.)	103.2	105.8	.....	12.25
Gilt Fnd. Guernsey	9.71	9.73	.....	12.25
Intl. Govt. Secs. Tst.				
First Sterling	18.13	18.29	.....	—
First Intl.	183.83	184.74	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000

Eurinvest Lux. F.	1,061		.....	3.30
Guernsey Inc.	63.3	67.3	.....	4.17
Do. Accum.	78.2	83.0	.....	4.17
KB Far East Fd.	$US10.62		.....	1.32
KB Intl. Fund	$US11.75		.....	1.96
KB Japan Fund	$US31.82		-0.56	0.79
K.B. U.S. Gwth. Fd.	$US11.96		.....	0.75
Signet Bermuda	$US4.93	—	-0.10	1.83
*Unifonds (DM)	18.45	19.40	.....	8.76

*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey 0534 27561

Lloyds Tst. O'seas	55.5	58.4	.....	2.20

Next dealing date June 15.

Lloyds International Mgmnt. S.A.
7 Rue du Rhone, P.O. Box 179, 1211 Geneva 11

Lloyds Int. Growth	SF340.50	365.50	.....	1.50
Lloyds Int. Inc.	SF295.50	316.00	.....	6.30

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic June 6	$US2.80	3.05	.....	—
Aust. Ex. June 7	$US2.16	2.44	.....	—
Gold Ex. June 7	$US8.68	9.60	.....	—
Island	126.4	134.5	+0.2	13.47
(Accum. Units)	178.6	190.1	+0.3	13.47

Samuel Montagu Ldn. Agts.
114, Old Broad St., E.C.2. 01-588 6464

Apollo Fd. May 31	SF47.80	51.85	.....	3.61
Japfest May 31	$HK10.39	11.15	.....	1.15
117 Grp. May 31	$US10.75	11.74	.....	2.01
117 Jersey May 17	£5.22	5.61	.....	0.75
117 Jrsy O's May 24	£12.18	12.82	.....	—

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2. 041-221 5521

*Hope St. Fd.	$US32.25		.....	—
*Murray Fund	$US10.88		.....	—

Keyselex Japan	£11.58	12.69	...	—
Cent. Assets Cap.	£133.53		+0.09	.....

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.	$US15.18		+0.12	—

NOTES

Prices do not include $ premium, except where indicated ‡, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 7th June, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	126.93
Clive Fixed Interest Income	112.91

CORAL INDEX: Close 471-476 473-478 N/T

INSURANCE BASE RATES

†Property Growth	9¾%
†Vanbrugh Guaranteed	9.50%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1978 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102½	100⅞	Treasury 10½pc '78‡‡	100⅛xd		10.49	9.40
99⅞	98⅝	Exch. 5pc '76-78rt	98⅝		5.06	8.85
105⅛	101⅛	Treasury 11½pc '79‡‡	101⅝	−⅛	11.32	9.08
97	94¾	Treasury 3pc '79‡‡	95¾	−⅛	3.13	6.53
97⅞	95½	Electric 4¼pc '74-79	95⅝	−⅛	4.44	7.85
104⅜	100	Treasury 10½pc '79‡‡	100⅜	+⅛	10.44	9.98
96½	94¼	Electric 3½pc '76-79	96	+⅛	3.65	6.46
103⅝	97⅛	Treasury 9pc 1980‡‡	97¾	−⅛	9.21	10.41
102⅝	98	Treasury 9½pc '80‡‡	98¼	−⅛	9.67	10.51
95⅛	92⅞	Treasury 3½pc '77-80	93xd	−⅛	3.76	7.32
96½	93¼	Funding 5¼pc '78-80‡‡	93¾xd	+¼	5.60	8.72
110¼	105⅜	Exchequer 13pc 1980‡‡	105	−⅛	12.38	10.60
106¼	99⅞	Treasury 11½pc 1981‡‡	102xd	+⅛	11.27	10.50
91⅝	83¾	Treasury 3pc 1979-81	89	+⅛	3.95	8.15
101⅝	96⅛	Treasury 9¾pc 1981‡‡	97½	−⅛	10.00	10.79
97⅝	92½	Exch. 8¼pc 1981	94xd	+⅛	8.78	10.64
100¾	94½	Exch. 9½pc 1981	96	+⅛	9.90	11.04
87½	85⅝	Exch. 3pc 1981	86⅛	+⅛	3.48	8.02
97⅛	96⅛	Treas. Variable '81‡‡	96½		10.28	10.98
111	102⅞	Exch. 12¾pc 1981‡‡	104⅝	−⅛	12.19	11.07
99⅜	91½	Treas. 8½pc '80-82‡‡	93⅜xd	−⅛	9.10	10.78
86⅛	83¼	Treasury 3pc '82‡‡	84	−¼	3.57	8.11
115⅞	106⅞	Treasury 14pc '82‡‡	108¾	−⅛	12.87	11.29
96½	95⅛	Treas. Variable '82‡‡	95⅛xd		6.80	11.35
96⅛	89⅜	Treasury 8¼pc '82	92½xd	−1⅛	8.92	10.59
100¼	92⅛	Exch. 9¼pc 1982	93⅜	+⅛	9.91	11.21
94¾	92⅛	Exch. 9½pc 1982 A	93⅜	+⅛	9.91	11.23
96⅛	90⅛	Exch. 8¾pc 1983	92xd	−1	9.51	11.01
85¼	79⅝	Exch. 3pc '83	80½	−¼	3.73	8.07
114¼	101⅞	Treasury 12pc 1983‡‡	103	−¾	11.65	11.13
		Five to Fifteen Years				
100⅛	90¾	Treasury 9½pc '83	91¼xd	−½	10.04	11.34
—	—	Exch. [illegible]	£95		10.53	11.26
89⅝	80⅞	Funding 5½pc '82-84‡‡	82½xd	−¾	6.63	9.49
96⅞	86⅛	Treasury 8½pc '84-86‡‡	88¼xd	−¾	9.56	10.59
87⅝	77¼	Funding 6½pc '85-87‡‡	79¾	+1	8.23	10.13
89⅞	81¾	Treasury 7¾pc '85-88‡‡	84½	+1	9.50	10.88
63⅞	60⅛	Transport 3pc '78-88	62¾xd	−¾	4.77	8.59
75⅝	64¼	Treasury 5pc '86-89	66¼	−⅝	7.58	10.11
115¼	101¾	Treasury 13pc 1990‡‡	104¼xd	+1	12.34	12.12
89⅛	77½	Treasury 8¼pc '87-90‡‡	79⅞xd	+⅝	10.32	11.35
106½	92½	Treasury 11¾pc 1991	96xd	−⅞	12.13	12.25
75⅞	63⅞	Funding 5¾pc '87-91‡‡	66	−¾	8.86	10.68
112½	103¼	Treasury 12¾pc '92‡‡	107	+1	12.50	12.43
96⅛	85½	Treasury 10pc 1992	89⅜	−1	11.59	12.06
113	98¾	Exch. 12¼pc '92	102⅜	−1	12.40	12.44
		Over Fifteen Years				
110⅝	96½	Treasury 12½pc '93‡‡	99½xd	−1	12.43	12.42
72⅞	60¾	Funding 6pc 1993‡‡	63⅞	+¼	9.69	11.28
120¼	104½	Treasury 13¾pc 1993‡‡	108¼	−⅞	12.80	12.62
128⅞	112½	Treasury 14½pc '94‡‡	116¼	−1	12.93	12.69
114⅛	99⅝	Exch. 12½pc 1994	103½	+1	12.54	12.55
89⅞	76¾	Treasury 9pc '94‡‡	80	−¾	11.34	11.86
106¾	97⅛	Treasury 12pc '95	101	+⅞	12.44	12.50
51⅞	45½	Gas 3pc '90-95	44½	−⅛	6.80	9.85
95	85⅜	Exch. 10¼pc 1995	89¼	+1	11.94	12.24
114⅜	98⅝	Treasury 12¾pc '95‡‡	102½	+⅞	12.56	12.52
90½	76⅞	Treasury 9pc '92-96‡‡	80⅛	+⅛	11.55	12.03
131½	114½	Treasury 15¼pc '96‡‡	118½	−1	13.06	12.82
117⅞	101⅝	Exchequer 13¼pc '96‡‡	105⅝	+1	12.67	12.59
50	42¼	Redemption 3pc 1986-96	43⅝	+⅛	6.97	9.72
115¼	105⅝	Treasury 13¼pc '97‡‡	109½	−⅞	12.70	12.63
98½	86	Exchequer 10½pc 1997	90	+1	12.10	12.31
88¼	74⅞	Treasury 8¾pc 1997‡‡	78	+⅝	11.59	12.03
72¼	60	Treasury 6¾pc '95-98‡‡	63¼	−¾	10.81	11.62
135⅞	118¼	Treas. 15½pc '98‡‡	122⅛	−⅞	13.03	12.83
96⅛	93⅛	Exch. 12pc 1998	96¾	+⅞	12.52	12.56
90½	77⅛	Treasury 9½pc 1999‡‡	79½xd	+⅝	11.83	12.12
96¼	83¼	Treasury 10½pc 1999	87	+½	12.17	12.34
42½	34¾	Funding 3½pc '99-04	36¼xd	+⅛	9.58	10.86
80⅞	67⅝	Treasury 8pc '02-06‡‡	70¼	+⅛	11.64	11.84
58¼	47½	Treasury 5½pc '08-12‡‡	49⅝	+⅛	11.41	11.66
76⅛	66⅝	Treasury 7¾pc '12-15‡‡	69		11.73	11.81
—	—	Exch. 12pc '13-17 £15pd●	£96		12.50	
		Undated				
37½	32½	Consols 4pc	33⅞	+⅛	12.33	—
37½	29⅜	War Loan 3½pc‡‡	30⅝	−⅛	11.47	—
39¼	33	Conv. 3½pc '61 Aft.	34¾	−⅛	10.28	—
28⅝	23⅝	Treasury 3pc '66 Aft.	24¾	−⅛	12.40	—
24⅛	19¾	Consols 2½pc	20¼xd	+⅛	12.11	—
24	19¾	Treasury 2½pc	20⅝	+⅛	12.42	—

**INTERNATIONAL BANK

High	Low	Stock	£	+ or −	Int.	Red.
88	82½	5pc Stock '77-82	84½	+½	5.91	9.60

**CORPORATION LOANS

High	Low	Stock	£	+ or −	Int.	Red.
98¼	94	Birmham 9¾pc '79-81	95¼	−½	9.70	11.05
94¼	90	Bristol 7¾pc '79-81	90⅝	+½	8.54	11.56
107	100¼	G.L.C. 12½pc '82	102¼	+¾	12.22	11.76
112	103¼	Do. 12½pc 1983	106	+¾	12.25	11.95
97¾	91½	Glasgow 9¼pc '80-82	91¾	+¼	10.08	11.68
93	90½	Herts. 5½pc '78-80	90¾		5.79	10.58
99½	97⅞	Liverpool 5¾pc '76-78	98⅝		5.83	9.96
102½	90½	Do. 9¾pc '80-84	94¼	+¾	10.41	11.28
29⅝	25¾	Do. 3½pc Irred.	27	+¼	13.02	—
100⅜	99	Lon. Corp. 6½pc '75-78	99⅞		6.54	9.66
99¾	91	Do. 9½pc '84-85	94¼	+¾	9.99	10.71
97¼	94¾	L.C.C. 6pc '76-79	95¼	+¼	6.30	10.22
92½	85¼	Do. 5½pc '77-81	86	+½	6.37	10.64
87½	76½	Do. 5½pc '82-84	80⅝	+⅛	6.99	10.30
68¾	65¾	Do. 5½pc '85-87	68¾xd	+1¼	7.99	11.04
78	68¾	Do. 6¾pc '88-90	68¼xd		9.79	11.59
26½	22½	Do. 3pc '20 Aft.	23¾	+¼	12.84	—
93¼	91	Middx. 5¼pc 1980	91¼	+¼	5.75	10.74
97½	95¼	Newcastle 9¾pc '78-80	95¾	+½	9.66	11.38
106¾	101½	Warwick 12½% 1980	102	+½	12.25	11.47

COMMONWEALTH & AFRICAN LOANS

High	Low	Stock	£	+ or −	Int.	Red.
100⅞	95⅛	**Aust. 5½pc '75-78	99⅞		5.56	8.98
95¾	92⅛	**Do. 5½pc '77-80	93¾	+½	5.84	9.59
88¼	82¼	**Do. 5½pc '81-82	85¼	+¼	6.53	10.60
99⅛	96¾	**N.Z. 4pc 1976-78	97½xd		4.10	8.96
96½	92¾	**Do. 6pc '76-80	94½	+½	6.46	10.59
87¼	81¾	**Do. 7½pc '83-86	84¼	+1	8.85	10.34
95½	91	Sth. Africa 9½pc '79-81	95½	+1	10.04	11.44
70	52	Sth. Rhod. 2½pc '65-70	54	−1	—	—
96	81	Do. 6pc '78-81	83	+1	—	—

LOANS

High	Low	Stock	£	+ or −	Int.	Red.
		Public Board and Ind.				
64½	58½	Agric. Mt. 5pc '59-89	60xd	+½	8.28	11.39
90½	80¾	Alcan 10½pc '89-94	81½xd	+½	12.88	13.30
33¼	28½	**Met. Wtr. 3pc 'B'	30	+½	10.27	11.97
139	107	U.S.M.C. 9pc 1982	136xd		6.62	—
95½	88	Do. without Warrants	88½xd		10.17	12.60
		Financial				
107¼	102	**FFI 13pc '81	102¾	+¼	12.65	11.74
110	102	Do. 14pc '79	103		13.59	11.40
114½	102½	Do. 14pc '83	104¾xd	+½	13.36	12.76
85	79½	ICFC 5½pc Deb. '80-82	82¾	+1¼	6.77	10.80
81½	73¾	Do. 6¾pc Db. '81-84	77	+1½	8.19	11.60
99	89½	Do. 10½pc Uns. Ln. '86	90½		12.23	13.30
99⅛	90½	Do. 11pc Uns. Ln. '88	91		12.77	13.50
101½	90⅞	Do. 11½pc Uns. Ln. '90	92½	+½	13.47	13.90
71½	62⅞	Do. 7¼pc A Deb. '89-92	68½xd	+⅝	11.42	12.90
71½	62	Do. 7¼pc A Db. '91-94	63½	+½	11.78	13.00
84½	73¼	Do. 9pc 'A' '91-94	75½	+1	12.31	13.00
81¼	70½	Do. 8½pc Ln. '92-97	73½	+1½	12.66	13.20

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
19½	17	Antofagasta Rly.	19		—	—
34	33	Do. 5pc Pref.	33xd		—	—
98	98	Chilean Mixed	98		3	£3.10
415	350	German Yng. 4½pc	405xd		4½	—
54	46	Greek 7pc Ass.	54		3½	£6.48
51	46	Do. 6pc '28 Stab. Ass.	51		6	£6.00
44	40	Do. 4pc Mixed Ass.	43		4	£4.76
55	42	Hung. '24 Ass.	55		4½	5.00
77	67	Iceland 6½pc '83-88	67xd		—	12.80

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
88	84	Ireland 7½pc '81-83	84xd		7½	11.52
91	79	Do. 9¾pc '91-96	80½	−½	9¾	12.91
375	265	Japan 4pc '10 Ass.	360xd		—	—
87	70	Do. 6pc '83-88	71		6	11.20
160	145	Peru Ass. 3pc	155		3	1.95
75p	75p	S.G.I. 6½pc 1980	75p		6½	8.67
$99	$94½	Turin 9pc 1991	$94½		9	9.52
DM91	DM81	Turin 6½pc 1984	DM91		6½	10.70
96	94	Uruguay 3½pc	96		3½	3.90

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
17½	13½	ASA	16⅜	+½	80c	—	2.8
60½	60½	AMF 5% Conv. '87	60½xd		5%	—	
31	22	Amax $1	28	+¼	$1.75	—	3.5
32	27¾	American Express	30⅞		$1.30	—	2.6
33½	11	Amer. Medic. Int.	20⅞	+⅛	30c	—	0.8
15⅝	969p	Asarco Inc.	13⅛		40c	—	1.6
29⅝	18¾	Baker Intnl. Corp. $1	23⅛xd	−½	64c	—	1.5
19¼	11⅞	Barnes Grp. $6⅔	19¼xd	+⅛	90c	—	2.6
32⅝	22	Bendix Corp. $5	32½xd	−⅛	$2.23	—	4.0
23½	13	Beth. Steel $8	19⅞xd	−⅛	$1.00	—	3.0
11⅝	625p	Brown'g Fer. c16⅔	11½		40c	—	2.0
13½	857p	Brunswick Corpn. $	12⅞	−⅛	70c	—	3.1
63⅞	41⅞	Burroughs Corp. $5	63⅜	+¼	$1.00	—	0.9
48	30½	CBS $2.50	48	+⅞	$2.40	—	2.8
42¼	28¼	C.P.C. $¼	42¼	+⅛	$2.50	—	3.3
48⅞	32¼	Caterpillar $1	47	+⅛	$1.90	—	2.2
27¼	17⅞	Chase M'htn. $12.5	26¼	+⅛	$2.20	—	4.7
22	13⅝	Chesebrough $1	21¼xd	+¼	94c	—	2.5
11	765p	Chrysler $6¼	963p	+4	$1.00	—	5.8
21¼	13½	Citicorp $4	20⅛	−⅛	$1.06	—	2.9
12⅞	733p	City Inv. $1.25	12⅝	−¼	$1.00	—	4.5
25	14⅜	Do. Cm. Prf. B $1	21⅝		$2	—	5.2
18¾	12¾	Colgate-P. $1	18¾	+½	$1.00	—	3.0
47⅞	29	Colt Inds. $1	47⅞xd	+⅛	$3.15	—	3.8
26	15½	Cont. Illinois $10	25⅜	−⅛	$1.32	—	2.9
25⅝	17	Cont. Oil $5	24	+⅛	$1.40	—	3.3
28	20⅛	Crown Zell. $5	26¾	−¼	$1.90	—	4.0
46½	20⅛	Cutler-Hammer $5	45¼xd	−1¼	$1.40	—	1.7
32½	22	Eaton Crp. $0.50	31¾	−½	$2.25	—	4.0
26	17¼	Esmark	26	+¼	$1.84	—	4.0
40	28¼	Exxon $	38⅜	−⅛	$3.20	—	4.7
12⅛	670p	Firestone Tire $	12⅛	−⅛	$1.10	—	5.1
18¾	11¼	First Chicago	18¾xd	+⅛	$1.00	—	3.0
32⅞	20¼	Fluor Corp. $⅝	31		$1.20	—	2.2
41¾	26⅝	Ford Motor $2	40⅜	−⅛	$3.20	—	4.5
25¼	16⅛	GATX	25⅛xd		$2.50	—	6.0
44⅝	29⅝	Gen. Elect. $2½	42¾xd	−1⅛	$2.20	—	2.9
24⅛	15⅛	Gillette $1	24⅛	+½	$1.50	—	3.5
48	28	Honeywell $1.50	47⅞xd		$1.90	—	2.3
14½	750p	Hutton E.F.	14⅛xd		$0.63	—	2.7
220½	171	I.B.M. Corp. $5	220½	+2¾	$11.52	—	2.6
52¼	34	Ingersoll-R $2	50xd	−⅞	$3.00	—	3.4
17⅜	735p	Int. Systems & Con. $1	17⅜	+⅛	25c	—	0.8
976p	705p	I.U. International $	953p	−6	90c	—	5.3
28	18	Kaiser Al. $⅓	27¼	+¼	$1.60	—	3.3
32	20	Manf. Han. US$7.50	31½	−⅛	$2.08	—	3.8
41	26⅝	Morgan (JP) US$2.5	40¼		$2.20	—	3.1
17½	12	Norton Simon Inc. $1	16⅛		£0¼	—	2.6
18⅞	13⅛	Owens-Ill. $3.125	19¼		h$1.06	—	3.2
21	14⅛	Quaker Oats US$5	21		$1.04	—	2.8
27¾	15⅛	Reliance $0.25	27½	−¼	15c	—	—
27½	16¼	Rep. N.Y. Corp. $5	27¼xd		$1.00	—	2.3
17¼	11	Rexnord $5	16½	+⅛	88c	—	3.0
22¼	14⅛	Richdsn.-Mrrll. $1¼	21xd		90c	—	2.4
576p	255p	Saul B. F. $1	543p	+23	—	—	—
28⅞	18½	Shell Oil $1	28	−½	h$1.60	—	3.2
19⅝	11⅞	Singer ($10)	19⅝xd	+¼	60c	—	1.7
36¼	22⅝	Sperry Rand $0.50	35⅞	+¼	$1.12	—	1.7
33½	18⅝	TRW Inc. $1¼	33	+¼	$1.60	—	3.1
27⅛	18⅜	Tenneco	26⅛	−¼	$2.00	—	4.3
161	131	Do. 10% Ln. Stk. 91-95	152xd	−1	10%	—	[illegible]
975p	505p	Tesoro Pt. US$0.16⅔	912p	−4	—	—	—
22	16⅞	Texaco $6.25	20⅝	+¼	$2.00	—	5.4
40	22⅞	Time Inc.	35⅞	−⅝	$1.50	—	2.4
13⅝	865p	Transamerica $1	13⅛		80c	—	3.4
38⅛	21¼	Utd. Tech. $US5	37⅝xd	−⅛	$2.00	—	3.0
24½	17¾	U.S. Steel $1	23½		$1.60	—	3.8
17	11½	Woolworths $3½	16	−¼	$1.40	—	4.9
45⅞	28⅞	Xerox Corp. $1	45⅝xd	+⅛	$2.00	—	2.5
940p	385p	Xonics Inc. 10c	940p	+90	7½c	—	0.4
13¼	10⅞	Zapata Corp. 25c	12⅛	−⅛	s30c	—	1.4

S.E. List Premium 50⅜% based on U.S.$1.8360 per £
Conversion factor 0.6655 (0.6708)

CANADIANS

1978 High	Low	Stock	£	+ or −	Div. Gross	Cvr	Y'ld Gr's
15 13/16	10⅞	Bk. Montreal $2	15 13/16	−⅛	$1.06	—	3.2
16⅝	10⅞	Bk. Nova Scot.	15⅞	−⅛	96c	—	2.9
42⅞	30¼	Bell Canada $25	41⅞	−⅛	$4.2	—	4.7
22¾	12	Bow Valley $	22⅛	+⅛	12½c	—	0.0
12⅛	825p	Brascan $	12¼	+⅛	$1.10	—	4.4
21⅜	14	Can. Imp. Bk. $2	20⅞xd	+⅛	$1.44	—	3.2
14⅛	955p	Can. Pacific $5	13⅞		97c	—	3.3
37½	30¾	Do. 4pc Deb. £100	31	+¼	4%	—	12.9
21¾	16⅜	Gulf Oil Can. $	19¼	+⅛	$1.14	—	2.8
590p	315p	Hawker Sid. Can. $	593p	+10	40c	—	3.2
24½	16⅛	Hollinger $5	24		$2.05	—	4.0
14½	11¼	Hudson's Bay $	14½	+¼	69c	—	2.1
32¼	24⅞	Hud. B. Oil G. $2½	30⅞		$1.60	—	2.5
14¾	11⅛	Imperial Oil $	13¾	+⅛	86.4c	—	2.9
15⅛	945p	Inco	14⅛	+¼	80c	—	2.6
780p	585p	Int. Nat. Gas $1	780p		80c	—	4.8
10⅛	610p	Massey Ferg. $	670p	−30	—	—	—
28⅞	21⅛	Pacific Pet. $1	25⅞	+⅛	91.6c	—	1.7
74p	50p	Place Gas $1	72p		—	—	—
23⅞	15	Rio Algom	23⅜	+⅛	$1.08	—	2.1
24⅛	14⅛	Royal Bk. Can. $2	24⅛	−½	$1.50	—	2.8
20⅛	13⅛	Seagram Co. C$1	20⅞	+⅛	92c	—	2.1
14½	955p	Tor. Dom. Bk. $1	14⅛		80c	—	0.0
11⅞	880p	Trans Can. Pipe	11⅜	−⅛	103c	—	4.3

S.E. List Premium 50⅜% (based on $2.0563 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
300	186	ANZ $A1	295xd	−1½	Q12.8c	—	2.7	—
293	210	Alexanders D. £1	248	−3	14.33	—	8.8	—
£133	£90½	Algemene Fl.100	£129		Q22%	2.5	4.5	9.2
334	269	Allen Harvey £1	320	+5	h19.2	—	9.1	—
187	150	Allied Irish	186	−1	7.5	—	6.1	—
165	155	Arbuthnot L. £1	158		†9.25	—	8.9	—
£20½	£13¼	Bank Amer. $1.565	£19¾		Q94c	—	2.7	—
380	315	Bk. Ireland £1	380	+2	15.00	—	6.0	—
£176½	£137	Do. 10pc Conv.	£176½	+4½	Q10%	—	[5.8]	—
21	15	Bk. Leumi I£1	18		Q16%	—	2.9	—
170	160	Bk. Leumi (UK) £1	160		7.36	1.5	7.0	14.3
572	380	Bk. N.S.W. $A2	555xd	−23	†Q30c	—	3.3	—
315	255	Bank Scotland £1	290	+2	10.89	3.6	5.7	7.4
£32⅛	£21⅞	Bankers N.Y. $10	£29⅝		Q$3.00	—	5.8	—
358	296	Barclays £1	332	+7	11.13	5.3	5.1	5.7
230	200	Brown Shipley £1	225xd		9.27	—	6.2	—
312	265	Cater Ryder £1	308	+5	19.33	—	9.5	—
82	67	Clive Dis'nt 20p	82xc	+4	4.78	—	9.2	—
*230	171	Com'l. Aus. ($A1)	222		†Q16c	2.6	4.4	8.6
*£19	£12¾	Com'zbk DM102	£17¼		Q18%	—	1.7	—
£18⅜	£15	C'hgn. Hbk. Kr100	£17¼		Q12%	—	6.7	—
25	18	Corinthian 10p	21		0.7	—	5.0	—
£22½	£13¾	Cred. France F75	£21¾		Q9.87%	—	2.9	—
*71	32	Dawes (G. R.)	40		—	—	—	—
£123	£90	Deutsche Bank DM50	£116½		Q18%	—	2.0	—
83	58	F. C. Finance	58		2.00	ф	5.2	ф
3¼	1⅜	First Nat. 10p	2		—	—	—	—
1	½	Do. Wrrts. 75-83	½	−⅛	—	—	—	—
12½	10¼	Fraser Ans. 10p	11¼		0.03	—	0.4	—
196	157	Gerrard Natnl.	178	+2	8.17	—	7.0	—
50	37	Gibbs (A.)	47		2.20	—	7.1	—
255	195	Gillett Bros. £1	218	+8	15.18	—	10.6	—
29	19	Goode D't Mry. 5p	23		0.13	—	0.8	—
120	96	Grindlays	97	+1	2.75	7.2	4.3	3.4
260	185	Guinness Peat	253	+9	†10.0	—	6.0	—
217	158	Hambros	187		†9.52	—	7.7	—
100	81	Hill Samuel	86	−1	4.90	—	9.0	—
600	425	Do. Warrants	425		—	—	—	—
303	203	Hong Shng. $2.50	303	+10	hQ59c	—	2.3	—
69	52	Jessel Toynbee	65xc	+6	59c	—	7.6	—
190	160	Joseph (Leo) £1	190		†8.01	—	6.4	—
52	37	Keyser Ullmann	51		0.66	—	2.0	—
74	58	King & Shax 20p	63	+3	3.39	—	8.2	—
114	92	Kleinwort B.L.	98		4.12	—	6.4	—
297	242	Lloyds £1	277	−7	9.09	5.5	5.0	5.6
50½	42	Manson Fin. 20p	44	−1	†2.79	1.5	9.6	10.9
134	106	Mercury Secs.	108		3.39	—	4.8	—
*390	330	Midland £1	360	+10	14.75	4.3	6.2	5.6
£92	£78½	Do. 7½% 83-93	£81xd	+1	Q7½%	21.1	[9.3]	—
£95¼	£82½	Do. 10¼% 93-98	£86	+1¼	Q10¼%	21.1	e12.0	—
64½	56	Minster Assets	57		3.55	ф	9.4	ф

BANKS & HP—Continued

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
235	172	Nat. Bk. Aust. $A1	233		[illegible]	[illegible]	3.8	ф
81	65	Nat. Com. Grp.	73		†3.65	4.6	5.5	6.0
298	254	Nat. West £1	270	−5	[illegible]	4.2	6.4	5.6
445	350	Schroders £1	400		[illegible]		4.4	—
255	190	Seccombe M. £1	220	−10	[illegible]		9.2	—
92	70	Smith St. Aub.	82xc		5.01		9.3	
427	378	Stand'd Chart. £1	415	+5	[illegible]	3.9	6.4	5.4
$10	$8¼	Trade Dev. $1.50	$10		Q55c	3.3	5.5	5.7
356	290	Union Disc. £1	325	−15	h15.8		7.4	—
48	32	U.D.T.	38	+3	—	—	—	11.2
£24	£15¾	Wells Fargo $5	£22½		$1.40	—	3.5	—
67	60	Wintrust 20p	60		3.05	—	7.6	—
		Hire Purchase, etc.						
38½	31½	Cattle's Hldgs. 10p	34		h2.03	1.7	9.1	10.0
£61½	£35	Cie Bcre Fr 100	£58		Q12%		2.6	—
3	[illegible]	Credit Data 10p	[illegible]		—		—	
111	65	Lloyds & Scot. 20p	87xd	−½	[illegible]	[illegible]	6.9	9.2
43	30	Lnd. Scot. Fin. 10p	41		[illegible]	3.0	6.9	6.2
14	9	Moorgate Mer. 10p	10		—	—	—	18.1
102	85	Prov. Financial	95		4.37	[illegible]	7.8	8.5
53½	23	Strlg. Credit 10p	26		[illegible]	[illegible]	7.6	(7.2)
20½	10½	Sturla Hldgs. 10p	15½		—	—	—	—
46½	39½	Wagon Finance	45	−2	h2.06	2.3	6.9	4.7

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INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

INSURANCE

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Yld Gr's	P/E
120	100	Bowring (C. T.)	103	+1	2.95	5.3	4.3	6.6
58	34	Brentnall Bd. 10p	40	.....	1.28	3.4	4.6	9.3
172	148	Britannic 5p	170	-2	9.18	—	8.2	—
£16⅞	955	Combined Am. $1	£15⅞	-⅛	†Q$1.00	—	3.5	—
159	138	Comm. Union	150	+5	7.65	—	7.7	—
166	132	Eagle Star	141	+5	6.13	—	6.6	—
26	16½	Edn. & Gen. 5p	21	.....	—	—	—	—
£129	£107	Ennia US Fl.Cr.	£124	.....	Q9%	—	†7.3	—
178	148	Equity & Law 5p	160	.....	6.69	—	6.3	—
250	200	Gen. Accident	218	-8	8.10	—	5.6	—
262	206	Guardian Royal	222	+6	10.17	—	6.9	—
335	263	Hambro Life	330	-5	20.0	—	9.2	—
292	240	Heath (C.E.) 20p	262	+5	4.83	φ	2.8	φ
193	163	Hogg Robinson	181	.....	†5.6	3.1	4.7	10.6
•178	147	Howden (A.) 10p	161	+6	17.0	2.9	6.6	8.8
177	143	Legal & Gen. 5p	156	+3	5.77	—	5.6	—
102	85	Lon. & Gdwn. 10p	99	+1	d4.47	2.1	6.8	10.8
150	120	Lon. & Man. 5p	136	+2	†6.48	—	7.2	—
178	132	London United 20p	175	.....	h3.77	4.3	3.3	10.5
215	165	Matthew Wr. 20p	167	+2	9.79	2.1	8.3	7.9
204	151	Minet Hldgs. 20p	188	-4	3.33	4.3	2.7	11.6
67	47	Moran (Chris) 20p	61	+2	3.62	2.5	9.0	6.7
260	220	Pearl 5p	242	-4	12.59	—	7.9	—
292	236	Phoenix	246	+4	10.35	—	6.4	—
132	120	Provident "A"	128	.....	8.17	—	9.7	—
132	120	Do "B"	128	.....	8.17	—	9.7	—
173	137	Prudential 5p	147	+2	6.65	—	6.9	—
146	125	Refuge 5p	142	-4	8.3	—	8.6	—
425	346	Royal	363	-10	16.45	—	6.9	—
420	310	Sedg. Forbes 10p	410	-5	9.59	3.3	3.5	13.2
107	94	Stenhouse	98	+1	4.05	2.7	6.3	7.5
606	508	Sun Alliance £1	514	-6	20.15	—	5.9	—
108	93	Sun Life 5p	101	+1	†3.42	—	5.1	—
957	679	Taisho Mar. EDR	883	-7	Q10%	—	0.6	—
170	155	Trade Indemnity	170	.....	8.47	—	7.6	—
£30¾	£17½	Travelers $2.50	£30¾	+½	Q$1.60	—	3.1	—
303	250	Willis Faber	255	+5	9.0	2.4	5.3	11.6

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Yld Gr's	P/E
38	20	Brit. Leyland 50p	24	.....	—	—	—	—
272	185	Gen. Mts. Units	250	.....	Q34c	1.7	7.7	7.6
53	37	Lotus Car 10p	53	+3	—	—	—	—
12⅛	5½	Reliant Mtr. 5p	12	+1	—	—	—	21.9
97	63½	Rolls-Royce Mtrs.	94	.....	M5.16	2.4	8.3	9.1
£15	762	Volvo Kr50	£11⅞	-⅛	Q12%	0.6	6.1	27.9

Commercial Vehicles

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Yld Gr's	P/E
120	82	E.R.F. (Hldgs.)	108	+1	h2.17	6.4	3.0	5.4
63	49	Fodens (50p)	57	.....	$3.25	5.7	8.6	(2.3)
12½	8	Peak Invests. 10p	9	+½	‡0.5	2.9	‡	6.2

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Yld Gr's	P/E
328	280	Imry Property	302	+2	h2.6	1.3	0.8	18.4
39	25	Intereuropean 10p	33	-½	†0.1	.....	0.5	—
39	35	Jermyn Invest.	35	.....	1.65	φ	7.2	φ
46	37½	Land Invest.	38xd	-1	†h0.67	1.2	2.7	48.5
259	190	Land Secs. 50p	205xc	+4	5.32	q1.5	3.9	23.9
£179	£145	Do. 5½% Conv. '85	£161	-1	Q5½%	q4.3	f3.7	—
£150	£125	Do. 6½% Conv. '85	£140	.....	Q6½%	q4.3	f3.9	—
£150	£125	Do. 10% Conv. '95	£141	+1	Q10%	q4.3	f7.3	—
51	37	Law Land 20p	39½	-½	1.0	0.3	3.8	130.2
248	172	Lend Lease 50c	246	.....	Q25c	2.0	3.2	16.2
93	77	Lon. Prov. Shp 10p	90	.....	‡0.81	2.6	1.4	42.1
74	55	Lon. Shop Prop.	59	.....	†3.00	0.8	7.7	26.4
132	104	London Hldgs. 20p	112	.....	†2.28	2.5	3.2	19.6
134	105	MEPC	123	+2	†1.7	1.9	2.1	38.4
30	14	Marler Estates	28	.....	φ—	—	—	35.3
50	36	McInerney 10p	45	.....	—	—	—	—
220	145	McKay Secs. 20p	220	.....	†1.41	h4.3	1.0	36.6
44½	31½	Midhurst Wh. 10p	42	-½	—	—	—	—
64½	53	Mountview 5p	56xd	.....	1.32	φ	3.6	φ
125	103	Muckow (A. & J.)	118	.....	†h2.22	1.8	2.8	22.6
46	45	Nolton	46	.....	2.0	0.4	6.6	47.9
83	68	Peachey	78	+1	†2.00	—	3.9	—
347	295	Prop. Hldg. & Inv.	302	.....	g6.54	1.3	3.3	39.1
110	77	Prop. Inv. & Fin. £1	110	.....	φ†4.0	0.8	5.5	36.5
122	64	Prop. Part'ship	118	.....	†1.59	2.0	2.0	37.9
315	285	Prop. & Rev. 'A'	300	+8	d5.16	φ	2.6	φ
156	127	Prop. Sec. Inv. 50p	147	.....	†1.88	—	2.0	—
6¼	3	Raglan Prop. 5p	5½	.....	—	—	—	—
15	8	Regalian	13	+1	—	—	—	—
87	75	Regional Prop.	76	.....	g1.0	1.5	2.0	66.0
77	59	Do. 'A'	65	-½	g1.0	1.5	2.3	56.4
118	89	Rush & Tompkins	117	.....	d2.87	2.7	3.7	11.3
96	72	Samuel Props.	77	-1	†d2.1	0.6	4	98.9
118	97	Scot. Metrop. 20p	105	.....	†1.94	1.2	2.8	46.9
43	35½	Second City 10p	36	.....	†1.73	1.9	7.3	10.9
129	100	Slough Ests.	117	-½	2.27	1.8	2.9	28.2
£174	£140	Do 10% Conv '90	£160xd	+2	Q10%	13.4	f6.3	—
270	216	Stock Conversn.	250	.....	b2.0	2.4	1.2	52.2
228	170	Sunley (B.) Inv.	215	.....	3.95	—	2.8	—
61	31½	Swire Properties	61	+4	Q16½c	φ	4.0	φ
70	56	Town Centre	59	.....	0.62	1.2	2.1	59.0
17	12	Town & City 10p	12½	.....	0.01	—	—	—
106	82	Trafford Park	106	+2	†3.65	1.4	5.3	20.1
24	18½	U.K. Property	19	.....	—	—	—	—
282	240	Utd. Real Prop.	246	-2	5.17	1.2	3.2	40.8
148	119	Warner Estate	129	.....	†2.66	1.6	3.1	31.2
292	262	Warnford Inv. 20p	267	.....	6.95	φ	4.0	φ
20	14	Webb (Jos.) 5p	15½	.....	hd0.48	2.5	4.7	13.2
19	16	W'minster P. 20p	18½	.....	—	—	—	—
37	30	Winston Ests.	37	.....	1.27	1.5	5.2	19.9

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MINES

CENTRAL RAND

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FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh. 50c	195	.....	Q50c	1.3	21.9
24	15	Rhod'n Corp. 16½p	15	+1	0.56	7.1	4.7
80	52	Roan Cons. K4	70	.....	—	—	—
175	122	Tanganyika 50p	160xd	+4	Q10.0	φ	6.2
90	78	Do. Pref. 80p	90xd	+3	Q9%	16.4	8.0
41	32	Wankie Col. Rh.1	38	+1	†Q7½c	1.4	16.8
16½	10	Zam. Cpr. SBD0.24	15½	.....	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	15	.....	—	—	—
132	64	Bougainville 50 Toea	126	.....	Q8c	1.4	4.0
101	63	BH South 50c	98	-1	—	—	—
245	148	Conzinc Riotinto 50c	256	+8	Q10c	2.2	2.6
72	48	G.M. Kalgoorlie $1	55	-1	—	—	—
138	81	Hampton Areas 5p	132	+1	1.45	4.1	1.7
40	10	Metals Ex. 50c	34	+2	—	—	—
216	125	M.I.M. Hldgs. 50c	216	+6	Q9c	1.7	2.6
39	10	Mount Lyell 25c	36	-3	—	—	—
6½	1½	Newmetal 10c	4	.....	—	—	—
141	79	North B. Hill 50c	141	+11	Q8c	1.5	3.5
16	8½	Nth. Kalgurli	16	+½	—	—	—
166	117	Oakbridge $A1	166	+2	†Q11c	1.9	4.1
48	30	Pacific Copper	46	.....	—	—	—
£14½	750	Pancont'l 25c	£14½	+½	—	—	—
38	12	Paringa M&Ex. 5p	34	.....	—	—	—
520	310	Peko-Wallsend 50c	520	.....	Q15c	4.0	1.8
158	84	Westn. Mining 50c	158	+10	‡Q6c	1.4	±
70	35	Whim Creek 20c	50	-5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
30	24	Amal. Nigeria	25	.....	†2.52	1.6	15.2
360	240	Ayer Hitam SM1	350	.....	‡Q45c	0.9	±
60	45	Beralt Tin	54	.....	3.75	4.4	11.0
290	200	Berjuntai SM1	280	.....	‡Q110c	φ	±
145	111	Geevor	135	.....	h4.51	3.4	5.1
10	5½	Gold & Base 12½p	10	.....	—	—	—
290	220	Gopeng Cons.	290	.....	15.0	0.9	7.9
165	130	Hongkong	155	.....	—	—	—
93	78	Idris 10p	88	.....	12.0	1.6	21.8
11	10	Jantar 12½p	10½	-½	—	—	—
73	68	Kamunting SM0.50	68	.....	‡Q15c	0.7	4.9
490	450	Killinghall	450	.....	Q125	φ	25.5
400	280	Malay Dredging SM1	390	+5	†Q95c	0.8	5.2
70	40	♦Pahang	70	.....	‡Q3.75c	0.5	±
62	50	Pengkalen 10p	60xd	-1	6.5	2.3	16.7
210	165	Petaling SM1	205xd	+1½	†Q80c	1.6	8.8
61	49	Saint Piran	54	.....	g1.99	4.6	5.6
61	47	South Crofty 10p	56	.....	b4.13	1.5	11.2
205	140	South Kinta SM0.50	200	.....	†Q77.8c	1.4	8.4
305	230	Sthn. Malayan SM1	300	.....	†Q151.3c	1.1	9.4
208	134	Sungei Besi SM1	208	.....	—	—	—
75	55	Supreme Corp. SM1	75	.....	ZQ10c	—	2.9
100	85	Tanjong 15p	92	.....	6.5	0.6	10.7
100	74	Tongkah Hrbr. SM1	96	.....	‡Q46.67%	1.6	±
220	148	Tronoh SM1	210	.....	ZQ88c	1.6	9.0

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
100	70	Messina R0.50	98	.....	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Yld Gr's
17	9	Burma Mines 17½p	15	.....	—	—	—
300	220	Cons. Murch. 10c	225	.....	‡Q30c	2.6	‡
440	245	Northgate C$1	435	.....	—	—	—
234	164	R.T.Z.	226	-4	9.5	2.8	6.4
54	30	Sabina Inds. C$1	54	+5	—	—	—
£12	750	Tara Expln. $1	£11½	.....	—	—	—
45	43	Tehidy Minerals 10p	43	.....	1.33	φ	4.7
173	120	Yukon Cons. C$1	173	.....	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

" Recent Issues " and " Rights " Page 42

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	23	...
Ash Spinning	45	
Bertam	22	
Bdg'wtr Est. 50p	270	
Clover Croft	24	
Craig & Rose £1	305xd	+17
Dyson (R. A.) A	37	
Ellis & McHdy.	62	
Evered	18	
Fife Forge	50	
Finlay Pkg. 5p	23½	
Graig Ship. £1	154	
Higsons Brew	80	
I.O.M. Stm. £1	150	
Holt (Jos.) 25p	265	.....
N'thn. Goldsmith	54	
Pearce (C. H.)	165	+7
Peel Mills	20	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	52	.....
Sindall (Wm.)	87	+2

IRISH

Stock	Price	+ or —
Conv. 9% 80/82	£91½	+¼
Alliance Gas	73	.....
Arnott	339xd	.....
Carroll (P. J.)	90xd	.....
Clondalkin	96	.....
Concrete Prods.	135	.....
Heiton (Hldgs.)	40	...
Ins. Corp.	148	.....
Irish Ropes	132	.....
Jacob	68	.....
Sunbeam	33	.....
T.M.G.	170	.....
Unidare	90	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	"Imps"	6	Tube Invest.	30
A.P. Cement	18	I.C.L.	20	Unilever	35
B.S.R.	9	Inveresk	8	Utd. Drapery	7½
Babcock	11	KCA	3	Vickers	15
Barclays Bank	25	Ladbroke	17	Woolworths	5
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	5¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lots"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	3	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25	**Oils**	
Dunlop	7	N.E.I.	12	Brit. Petroleum	65
Eagle Star	11	Nat. West. Bank	22	Burmah Oil	5
E.M.I.	14	Do. Warrants	10	Charterhall	3
Gen. Accident	17	P & O Dfd.	6	Shell	28
Gen. Electric	18	Plessey	6	Ultramar	20
Glaxo	40	R.H.M.	5		
Grand Met.	9	Rank Org. 'A'	18	**Mines**	
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3		
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the *London Stock Exchange Report page*

FINANCIAL TIMES
Tuesday June 13 1978

General Motors plans Belfast factory

By Stuart Alexander and Terry Dodsworth

GENERAL MOTORS, the biggest motor manufacturer in North America, is to expand its presence in the European vehicle components industry with two substantial new manufacturing plants.

The group has eight component plants in the EEC, five in the U.K., two in France and one in the Irish Republic. Their products, mainly under the A. C. Delco trade name, range from sparking plugs and oil filters to diesel engines and automatic transmissions.

The new plans are for a £15m seat belt unit at Dundonald, near Belfast, and an £11m to £17m plant to build retarders for automatic gearboxes. The company said yesterday that there was a good chance of the UK being chosen for the retarder site.

The seat belt factory, which comes as a major fillip to the Government's efforts to secure new investment for Northern Ireland, is expected to be fully operational by 1980 and will employ about 600 people.

It will consolidate Northern Ireland's position as an important and developing area for supply of components to the Continental motor industry. Ford already has a sizeable operation in the area making carburettors, along with Walker Tenneco (silencers), Michelin and Goodyear in the tyre and rubber field, and Kent Plastics in dashboards.

The GM investment will also consolidate the UK's position in the European seat belt manufacturing industry. This market is headed by Britax, the BSG subsidiary, which is also licensing General Motors for part of the new products to be made in Belfast.

The decision to manufacture retarders in Europe (a retarder provides engine braking on automatics) forms part of GM's five-year plan to increase both penetration and profitability in the European truck and components market.

The plant, producing 10,000 to 15,000 units a year, will be built by Detroit Diesel Allison, the engine and automatic gearbox division of GM, and will provide about 1,500 new jobs.

GM, which owns Vauxhall and Bedford in the UK and Opel in West Germany, already has engine and gearbox assembly facilities in Britain.

Mr. Jim Crowe, a director of international operations for DDA, said yesterday that that company was particularly interested in sites in both Wales and Scotland.

"We have always had a good working relationship in Britain," he said. "I think Britain is over the worst of its labour problems and is now coming round to being more productive."

● Detroit Diesel Allison is to make its first four-stroke diesel. It will build a $190m plant in Michigan for the 8.2 litre engine. Production is expected by late 1979, at the rate of 72,000 a year. Though designed primarily to replace the V-8 petrol engines in medium-range lorries in the U.S. it will be marketed in Europe and the Middle East.

This is the first four-stroke engine produced by Detroit Diesel, which previously and exclusively built two-stroke diesels and turbine engines.

EEC ready to give Zaire fresh support for economy

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

COPENHAGEN, June 12.

EEC GOVERNMENTS are prepared, in principle, to consider giving fresh economic aid to Zaire to help it out of its current economic difficulties. But they will insist on strict guarantees that the money is spent on projects for which it is intended.

This emerged here today as the consensus view among Foreign Ministers of the Nine at a meeting on the eve of Belgian-sponsored discussions in Brussels between Zaire and about a dozen of its principal Western creditors.

The creditors include the International Monetary Fund and the World Bank.

The Foreign Ministers also decided to defer, for the moment, any further economic measures aimed at forcing South Africa to soften its apartheid regime, in the hope of enlisting Pretoria's assistance in a last-ditch attempt to reach a settlement which would give independence to Namibia (South-West Africa).

Responsibility

Dr. David Owen, Foreign Secretary, told journalists that a substantial amount of international funds could be made available to Zaire. The Common Market alone could supply more than $100m from the European Development Fund, its main aid agency.

He indicated that he and other EEC Ministers expected the IMF to take primary responsibility for ensuring that new funds were spent properly by attaching the necessary conditions and controls to the new credit line which it is negotiating with Zaire.

Dr. Owen warned, however, that Britain and other EEC governments would look askance at any move by President Mobutu to recruit foreign mercenaries to help maintain internal order in Zaire, as recent reports have suggested he plans to do.

Such a step, he said, would create the wrong political climate in which to mount an economic support operation.

"This has nothing to do with questions of sovereignty. But if we are to get our taxpayers to put in money, we must ensure that it achieves the desired results."

While the security aspects of the situation in Zaire had not occupied much of today's discussions, Dr. Owen made it clear he believed that any moves to set up a force to ensure military security in Africa should be entrusted to the Organisation of African Unity.

European governments should tailor their policies according to the specific issues and countries involved.

He added that though no formal EEC position on Zaire had emerged from today's talks, the Nine were not far apart on the main issues.

On Namibia, Dr. Owen said he was encouraged that the five (front-line) states, Angola, Botswana, Mozambique, Tanzania and Zambia, had unanimously argued in favour of continuing efforts to implement the settlement initiative by the five Western powers on the United Nations Security Council.

However, South Africa had to be given more time to help try to involve the South-West Africa Peoples Organisation (SWAPO) in the talks, he said.

Dr. Owen said he had no indications that South Africa was actively attempting to counter the economic pressures applied to it by EEC Governments, notably the code of conduct for European subsidies operating in South Africa which was approved last year.

Labour MPs may be barred from contesting Euro-seats

BY RUPERT CORNWELL, LOBBY STAFF

THE LABOUR PARTY last night virtually made up its mind that its MPs will not be able to hold the so-called "dual mandate" of simultaneous membership of Westminster and of a directly elected European Assembly.

The decision, which follows a vigorous internal debate, was taken at a meeting of Transport House's key organisation sub-committee—against the recommendation of Mr. Reg Underhill, the party's national Agent.

The ban is expected to be ratified by the National Executive Committee later this month. The consequence will be that no victorious Labour candidate in a General Election this autumn would be allowed to contest the first directly elected Euro-seats next June.

The Conservatives have not yet completed their own plans. But it seems likely that the complications of the dual manadate—daily more apparent to party managers—will lead them to the same conclusion as Labour.

Mr. Underhill had suggested that MPs should be able to stand for Europe next June. If they then held a seat in both Parliaments they would have until the next General Election to decide which they would give up.

But, a six-three majority decided that it would be physically impossible, and damaging for the party for one man to do both jobs. Mr. Underhill's only supporters were said to be Left-winger Mr. Eric Heffer, Mrs. Shirley Williams, the Education Secretary, and Mr. John Cartwright, the moderate MP for Woolwich East.

The clinching argument last night was the risk Labour might face if it narrowly retained its power at an autumn General Election, only to contend with a spate of awkward by-elections early in the life of the next Parliament, as MPs defect to Europe.

As expected, the sub-committee gave the go-ahead for trade unions to sponsor candidates for Europe—as they now do for about 100 Labour MPs at Westminster. The financial assistance might cover up to 80 per cent of election expenses, which have been tentatively estimated at £30,000 for each of the 81 European seats.

Moves are also under way at Transport House to ensure the accountability of Labour's contingent in Europe to the Party at home a safeguard insisted upon by anti-marketeers, who are in a majority on the NEC.

Lucas Aerospace to stay on Merseyside

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

LUCAS AEROSPACE is not to quit Merseyside after all. The offer of Government grants worth about £8m has persuaded the group to make major changes to its restructuring programme announced in March.

The original intention was for the Lucas Victor works in Liverpool to close after a gradual transfer of operations to the group's Birmingham factories.

Instead, Lucas is to move into a purpose-built factory at Huyton, Liverpool. This will cost £10.5m to build, equip and fund and will save 500 jobs for Merseyside, compared with the 1,450 to be lost with the Victor closure.

Mr. James Blyth, director and general manager of Lucas Aerospace, said yesterday: "This is not the ideal financial solution as far as the company is concerned. There is a cost penalty in operating at two plants and not just at Birmingham.

"But the objective was to find, together with the Department of Industry, a solution which would enable us to continue to make use of the skill of the workforce on Merseyside."

The new factory, to provide machined parts for other sections of the Lucas Aerospace group, will take about two years to build. It will be on the Department of Industry's Huyton industrial estate and cost up to £3m., including the provision of special services. The factory will be leased to Lucas for 40 years with an initial rent-free period of five years.

Lucas is one of the first companies to take advantage of this free-rental scheme introduced last year.

The group will collect up to £3m more in other grants depending on the exact amount spent on equipping and funding the factory.

Mr. Gerald Kaufman, Minister for Industry, said last night: "This financial assistance is not extraordinary and is available to any company wishing to establish itself in an assisted area."

Lucas met an angry reaction from the Lucas Aerospace shop stewards' combine when the reorganisation was announced in March. Mr. Blyth said yesterday that the co-operation of the workforce at the Victor works—where production was 99 per cent of target last month—continued to be first-class. He hoped the decision to stay on Merseyside would change the attitude of the shop stewards.

However, Mr. Ken Gill, chairman of the aerospace committee of the Confederation of Shipbuilding and Engineering Unions, said that, while welcoming the decision by Lucas "we are concerned to save the 2,000 jobs which Lucas has declared will be redundant within the next two years. We will be continuing our campaign to force Lucas to take the necessary action to protect the other jobs which are threatened."

● The Department of Industry will give Lucas assistance with its new plant in Bradford, again involving the lease of the factory with an initial two-year, rent-free period.

The new Bradford factory, which will make electric actuaters and small motors, will employ 400 compared with the 750 at Lucas's existing plant in the town.

Mr. Blyth said: "The Bradford scheme is a much more straightforward commercial proposition. Again, a big part of the attraction for both the Government and Lucas is that the skill of our existing work-force in West Yorkshire will be retained."

He repeated that all the people affected by the reorganisation—which includes closure of the Coventry foundry and shut-down of part of the Hemel Hempstead works—would be offered alternative employment by Lucas and generous re-location allowances. Much of the shake-out would be achieved through natural wastage over the two years.

Accounting firms in major shake-up

By Michael Lafferty

ARTHUR ANDERSEN, the Chicago-based accountancy firm which ranks among the world's eight largest, is breaking off its connections with Saba and Co., the biggest accountancy business in the Middle East. In turn Saba is becoming a member of the Touche Ross International partnership, another member of the "big eight" and with headquarters in New York.

The moves—one of the most important professional accounting shake-ups of recent times, mean that Arthur Andersen will have to start from scratch in developing its practice in the lucrative Middle East accounting market. For Touche Ross, Saba provides a major foothold in a part of the world where it has hitherto been weak.

Mr. Harvey Kapnick, chairman of Arthur Andersen, said that the firm would now establish its own offices in the Middle East and North Africa "in accordance with its long-standing objective to operate in its own name under its one-firm concept on a world-wide basis."

The announcements mark the end of a number of years' intensive efforts by Arthur Andersen to get Saba to agree to full integration within AA, well known for its centralised management and quality control systems. Touche Ross is a looser federation of largely autonomous national accounting firms operating together under the Touche Ross label and sharing certain quality control and training costs.

Mr. Suhail Saba, managing partner of Saba, said it was his firm's policy to continue to practice as a national firm "owned and controlled by its partners."

This is the latest in a series of changes in the Middle East accounting world. Recently, Deloitte Haskins and Sells, another of the big eight, decided, like Arthur Andersen, to go it alone while its former associates have since linked up with the McLintock Main Lafrentz organisation, a smaller international accounting group which is still among the world's top 15.

Heavy shift from dollars by oil producers

BY MARY CAMPBELL

OIL-PRODUCING countries shifted heavily out of dollars in the second half of last year, switching currencies to a much greater extent than other depositors with international banks.

This is the conclusion reached by the Bank for International Settlements in its annual analysis of international banking trends, published yesterday in its annual report.

The analysis shows that London's importance in the international financial markets fell back last year, largely as a result of the shift of business out of dollars and into other currencies.

Elsewhere in the report the BIS says that the dollar should be seen to be backed by reserve assets in the U.S., implicitly lending its voice to the argument that the U.S. should build up non-dollar foreign exchange reserves.

Even assuming that the dollar strengthens, the BIS implies that non-dollar currencies may have to play a bigger international reserve roll in future.

While 60 per cent of the $13.4bn of new deposits reveived by international banks from the Organisation of Petroleum Exporting Countries sources last year was denominated in dollars, virtually all these dollar deposits were made in the first half of the year.

In those six months only 10 per cent of the $8.5bn of new deposits received from these countries was denominated in currencies other than the dollar.

In the second half of the year $4.9bn of new deposits were received by international banks from OPEC countries, virtually all denominated in other currencies.

OPEC countries were net borrowers of dollars to the tune of about $4bn.

After adjustment for the effects of exchange rate changes, they were net suppliers of about $2bn in strong currencies.

Elsewhere the report shows that European financial centres, having been out-performed in recent years by New York and the offshore centres of the Caribbean and the Far East, recouped some of the lost ground last year.

This was largely because of a shift in deposits and lending from dollars into other currencies.

Given its dollar bias, London did not benefit as much as other centres. Its share of Europe's international banking business fell from 45 to 42½ per cent of the total.

Centres less dependent on dollar-denominated business grew faster. Most notably, D-mark deposits outstripped dollar deposits for the first time in Luxembourg, the German banks' back-door into the international markets.

The BIS' account of developments last year on the international monetary scene concludes by doubting whether Central Banks' continuing strong demand for reserves can be met simply through additions to dollar reserves.

"With gold no longer an element in reserve growth," it says, "Other sources may now have to be looked to as a supplement to the dollar in world reserves."

The BIS dismisses Special Drawing Rights, the reserve assets created by the International Monetary Fund as a solution in anything but the long term, and no more than mentions the possibility of developing some other internationally-created asset.

Although it does not say so specifically, the implication is that it foresees a more important role for non-dollar currencies, notwithstanding any objections by the central banks concerned.

It says that since there is for the foreseeable future no alternative to the dollar as the principle reserve asset in the international monetary system, "appropriate steps should be taken to restore full confidence in it."

Above all this means reducing the current account deficit. "In addition confidence would be strengthened if the dollar were seen to be backed by reserve assets in the U.S. rather than simply by the present network of short-term swap facilities.

Continued from Page 1

Raw materials

year's rise in sterling work through.

The index for materials and fuel bought by manufacturing industry rose by 1½ per cent last month to 341.8 (1970=100), the third month running in which there has been a large jump.

However, the sharp fall in costs between last summer and the late winter still means that the index is 1¾ per cent. lower than it was a year ago.

The index for the raw material costs of manufacturing industry outside the food, drink and tobacco sector rose by 1½ per cent last month, mainly because of the fall in sterling. Crude oil accounted for half the rise. This index has risen by 6½ per cent in the past three months.

Some of the impact of the weakness of sterling in the late spring and, in particular, of the recent rise in world commodity prices will boost the June index.

The normal yardstick is that it takes between three and six months on average for these costs to work through to factory-gate prices.

The output price index rose by about ½ per cent in May to 284.4 (1970=100) with increases spread across most sectors.

The 12-month rate of increase in this index fell from 10¼ to 9½ per cent in May—the first single-figure annual rise since November 1973.

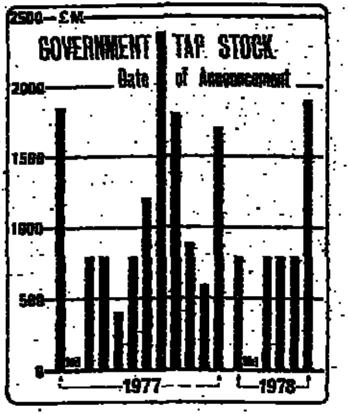
Prices charged by the food manufacturing sector have risen slightly more rapidly than in the rest of industry in recent months. In May the index rose by ¾ per cent—for an increase of 2½ per cent in the last three months—mostly as a result of higher prices for animal and poultry foods and for bacon curing, meat and fish products.

The cost of materials bought by food manufacturing companies rose by ¾ per cent last month, mainly as a result of higher prices for home-produced cereals and coffee.

THE LEX COLUMN

Biscuits check ABF decline

Index rose 5.3 to 472.2



Associated British Foods' pre-tax profits are, as expected, some £2.7m lower than last time, with most of the shortfall arising on the UK side. Yet the story behind the UK trading figures is a striking tale of swings and roundabouts. First the bad news: there was a £6m turnaround on the baking side which ended up with an operating loss of £2m. Most of this deficit was accounted for by industrial troubles in the first half of the year. The other problem has been the Fine Fare retailing operation where the price war has severely checked gross margins leaving operating profits £3m lower at £9½m. But at least ABF has been able to hold on to its estimated 4-4½ per cent market share.

Having dropped some £9m. in this way, the group then proceeded to make up £7m. of the shortfall. The prize performance came from the companies manufacturing products such as biscuits, crisps, and ryvita. Here operating profits are 35 per cent (some £6m) better at just over £23m. These activities represent 49 per cent of the UK total against 35 per cent in 1976-77. Meanwhile, milling profits are £1m up at £17m.

After losing £2m on conversion, overseas profits are £4m lower at about £41m, following flat performance in both Australia and South Africa

The current year should show considerable recovery on the baking side, where previous profits of £4m could be achieved. But with no let-up in "Operation Checkout" there can hardly be much change on the retailing side. Now £1½m ..js retailing side, now £1½m. Still analysts are optimistically forecasting profits of about £90m. for 1978-79.

Short tap

The exhaustion of the short tap, Exchequer 9¾ per cent 1982 "A," came as no great surprise but the indecent haste with which the authorities rushed out a replacement ruffled a few feathers. Although people are still talking about Thursday's £15 paid long tap being over-subscribed it does not look quite so attractive to the punters, now that there is another partly paid issue the following day. Notwithstanding the build up in institutional liquidity, £1.8bn of stock takes some digesting even though it is spread over the next three banking months.

The authorities' tactics in the gilts market over the last few months have not always been as subtle as might have been hoped. The last time the Government Broker announced a partly paid short tap on a Monday it was followed a couple of days later by disastrous banking figures and shortly after that by terrible trade figures.

Not that this is likely to happen this time round. Thursday's money supply figures are pretty irrelevant now that the Government has got its funding programme going again, and judging by the reverse yield curve in the money markets, the indications are that interest rates can only go down and bond prices up. But there is always a danger that the authorities' rush to sell gilts might lead to a bad attack of indigestion.

Prices of long-dated stock came back by a quarter of a point on news of the new tap but they still finished the day over £1 higher and the strength of sterling indicated that those foreigners could be nibbling once again. Meanwhile, equities seemed to be benefiting from the surge of interest in gilt-edged and the FT Ordinary Index finished at its best level of the day.

Hill Samuel

Hill Samuel's performance in the year to March looks very pedestrian compared with most other accepting houses. Disclosed profits are only fractionally ahead at £6.9m after tax, and the figures would have looked a lot worse but for a decision to withdraw from the shipowning business. As a result, all shipowning losses have been treated as an extraordinary item, of nearly £2m. The group has yet to find a buyer for its last ship, but says that adequate provision has been made against likely losses on the sale.

Unlike the competition, the banking side did not get fat in last year's gilts boom. Whereas Hambros, for instance, reported substantially higher interim figures last autumn Hill Samuel was unchanged at the half-way stage. Its gilt-edged trading is apparently confined to the life insurance side, which may have made a profit of about £2m on gilts over the year — but is not consolidated in the group figures, since it is still having to retain all its surpluses to build up reserves.

With no cushion from gilt edged, banking profits were squeezed by sluggish demand for industrial loans, new competition in export credit business, and start up costs in areas like Korea and the Middle East. Elsewhere shipbroking profits fell by about £600,000 and with an unimpressive performance from insurance broking, that took profits on broking and consulting services down by a fifth to £2.8m after tax.

There is a little bit of good news, however. The net dividend has gone up by 15 per cent, reflecting the capital increase over the year. And although the outlook for merchant banks generally is not especially buoyant, Hill Samuel is surely capable of doing a little better after two decidedly dull years. At 86p, the yield of [illegible] per cent is covered 2¼ times.

Tenneco/Albright

The only hurdle left for Tenneco is a political one. Its agreed offer for Albright and Wilson is unquestionably attractive in financial terms: 195p per share cash compares with a sighting shot of 165p and around 120p in the market before the fun started—a level which was close to the then all-time high. Since Tenneco was always in a position to take effective voting control, Albright's management has done well to secure such terms

It may have been helped here by growing signs of union opposition to the deal, which made its support all the more important to the bidder. Since Tenneco has such a major and long-standing investment in Albright, it could reasonably fell aggrieved if the bid was now referred to the Monopolies Commission.

Weather

UK TODAY

DRY, SUNNY.

London, Cent. S. England, E. and W. Midlands, Channel Is., N. Wales, N.W. and Cent. N. England, Lakes, Isle of Man, S.W. Scotland, Glasgow
Dry, sun. Max. 20-21C (68-70F).

S.E. England, E. Anglia, E. and N.E. England
Sun, showers. Max. 16-17C (61-63F).

S.W. England, S. Wales
Dry, sun. Max. 20-21C (68-70F).

Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth
Dry, sun. Max 14-15C (57-59F).

N.E. Scotland, Orkney, Shetland
Dry, sun. Max. 10-11C (50-52F).

Argyll, N.W. Scotland, N. Ireland
Dry, sun. Max. 15-17C (59-63F).

Outlook: Dry, sun.

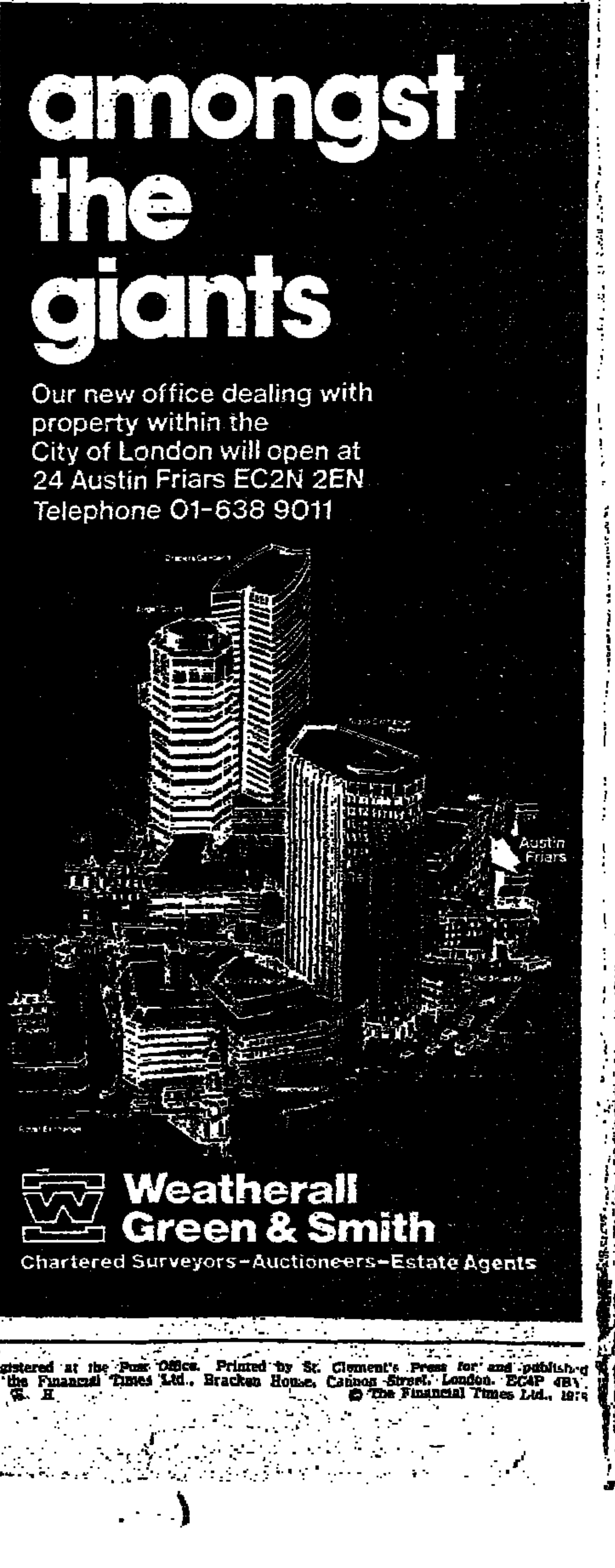
BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	27	81	Madrid	S	25	77
Amsterdm.	F	14	57	Manchstr	C	13	59
Bahrain	S	33	91	Melbourne	C	9	48
Barcelona	S	23	73	Milan	F	26	79
Beirut	S	27	81	Montreal	C	27	81
Belfast	C	15	59	Moscow	C	17	63
Belgrade	R	22	72	Munich	F	18	64
Berlin	F	13	55	Newcastle	C	10	50
Birmghm.	C	15	59	New York	C	24	75
Bristol	C	13	55	Oslo	F	18	64
Brussels	C	14	57	Paris	F	17	63
Budapest	R	20	68	Perth	F	18	64
B. Aires	S	12	54	Prague	R	11	52
Cairo	S	35	95	Reykjavik	R	11	52
Cardiff	C	15	59	Rio de J'o	S	24	75
Chicago	C	25	77	Rome	F	25	77
Cologne	F	12	54	Singapore	S	29	85
Dublin	C	15	59	Stockholm	R	12	54
Edinburgh	C	11	52	Strasbrg.	C	19	66
Frankfurt	C	13	55	Sydney	F	15	59
Geneva	S	20	68	Tehran	S	33	92
Glasgow	C	15	59	Tel Aviv	F	30	86
Helsinki	F	16	61	Tokyo	C	26	79
H. Kong	S	30	87	Toronto	C	27	81
Jo'burg	S	23	74	Vienna	C	18	64
London	C	14	57	Warsaw	C	11	52
Luxembrg.	C	14	57	Zurich	S	18	64

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	23	73	Las Plms.	F	22	72
Algiers	S	25	77	Locarno	S	24	75
Biarritz	S	18	64	Luxor	S	39	102
Blackpool	C	15	59	Majorca	F	25	77
Bordeaux	S	21	70	Malaga	C	21	70
Boulogne	C	12	54	Malta	S	27	81
Casblnca.	C	20	68	Nairobi	C	22	72
Cape Tn.	C	15	59	Naples	F	25	77
Corfu	S	28	82	Nice	F	22	72
Dubrovnik	C	28	82	Nicosia	S	33	91
Faro	C	19	66	Oporto	C	18	64
Florence	S	26	79	Rhodes	S	29	84
Gibraltar	F	21	70	Salzburg	S	20	68
Guernsey	C	13	55	Tangier	C	11	52
Innsbruck	S	20	68	Tenerife	R	15	59
Inverness	F	13	55	Tunis	F	28	82
Is. of Man	C	13	55	Valencia	F	27	81
Istanbul	S	29	84	Venice	C	22	72
Jersey	C	13	55				

C—Cloudy. F—Fair. R—Rain. S—Sun.



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